THE Freeman

IDEAS ON LIBERTY

MARCH 1963

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THE Freeman

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LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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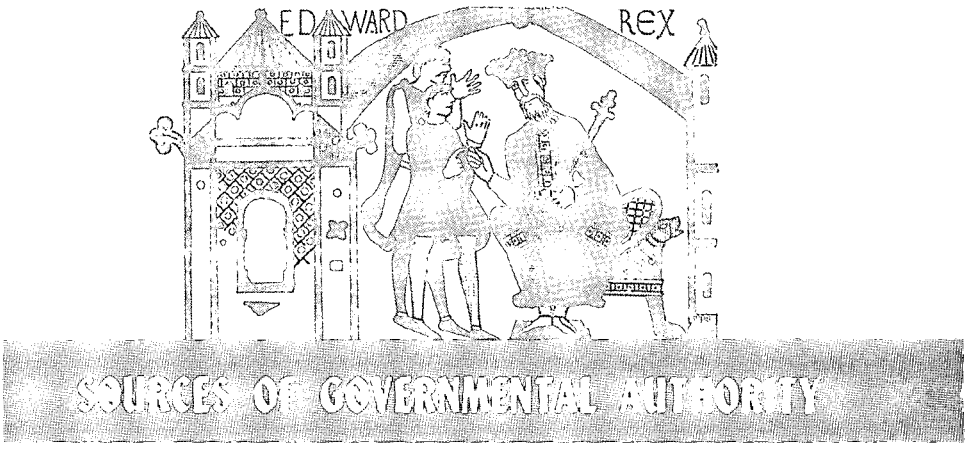

Where does government get its authority to do so many things that no person or group has a right to do?

DEAN RUSSELL

THE AUTHORITY of government comes either from the people or from some source above and beyond the people. That statement is, of course, a simple truism. But as we shall see, there are implications in that truism that are not generally understood.

To bring this issue into focus, let us begin with a brief comparison of the primary difference between the ancient and modern concepts of the sources of governmental authority. Generally speaking, with a few exceptions, the ancient concept was that the authority of government came from a source above and beyond the people. Most often, the source was heredity; the king ruled because he was the son of the previous king. Sometimes the source was conquest; might makes right. Ofttimes, the ruler cited "god" as the source of his authority to compel people to obey him; he claimed to be either god or the direct and chosen representative of god on earth. But whatever the claimed source for the authority of government may have been, at least it

Dr. Russell is a member of the staff of the Foundation for Economic Education and Director of the FEE School of Political Economy.

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was almost never the people themselves. Their function was to obey the government, and even to worship it.

The modern concept is, of course, just the opposite – at least, in theory. That is, government derives its legitimate authority from the people. No person has any right by birth (or any mandate from God) to rule over others. Might does not make right. And neither the institution nor the officials of government should ever be worshiped.

Certainly that is the traditional concept of the source of governmental authority in the United States. It was proclaimed in our Declaration of Independence. It was confirmed by the known philosophies of the founders of our nation. And it was clearly written into our Constitution.

According to our forefathers, individual persons have natural and inherent rights. The purpose of government is to protect those rights. And the powers not specifically delegated to government for that purpose are retained by the people themselves. Further, when government exceeds its proper function and attempts to deprive persons of their natural rights, the people are fully justified in rebelling and establishing a new government.

While the documents of other nations have phrased this idea differently (sometimes radically differently), the modern concept of the source of governmental authority is still clearly identified as the people. Even dictators pay lip service to that concept. Mr. Khrushchev makes his decisions in the name of the Russian people, and he claims that his authority comes from the people. The same sentiments are voiced by almost all other modern rulers, elected or self-appointed.

That introduction brings us to our first question, which happens to be one of the oldest of all philosophical issues: Does the individual *really* have any rights outside of those granted to him by government? If so, what are they? And since, in that case, the fundamental rights of man do not come from government, where do they come from?

Inherent Rights at Birth

It is my contention that each person *does* have individual and inherent rights that come with him at birth. It is true that the existence of human rights cannot be proved in the laboratory sense. But no human aspirations, ideas, or activities can be proved in that manner; for the laboratory requirement of "holding other things equal" can never apply to human beings in real life. Principles of

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human relationships can only be found by observing how human beings act universally, how they always have acted in real situations.

My thesis is that men always base their actions on the supposition that they have rights that inhere in themselves as self-controlling human beings. In fact, they cannot avoid doing so. For example, men always instinctively resist the persons who try to deprive them of life – *all* men, without exception. And when they think about the issue after the immediate danger is over, they invariably devise laws and institutions to protect their lives.

Thus, since *all* men have always acted in this fashion, we are faced with an undeniable truth of universal human action that identifies a proper relationship among men – that is, a man has an inherent right to protect his life against anyone who attempts to deprive him of it. Even the persons who scoff at the existence of this universal principle always base their actions on it, in one way or another. And even the most ruthless of murderers will do everything he can to retain his own life.

Since this inherent and individual right to life comes with each person when he is born, the source of the right is necessarily above and beyond any governmental institution that men may correctly or incorrectly establish and support. The sad fact that a man may indeed be killed by a superior force – natural or man-made – is related to the issue only in the sense that it causes the question to be raised.

An Instinct for Liberty

In addition to a right to life, man also has an inherent right to liberty. And always, men attempt to preserve their freedom of action. When they give it up, it is always due to a superior force or to a lack of knowledge that their liberty is being lost. Even after long training to the contrary, the natural and universal instinct for freedom of action is still present in every person. Strong proof of the existence of this inherent and individual right to physical liberty is offered again and again by the actions of seemingly docile slaves who, sooner or later, revolt and reclaim their freedom, or die in the effort. Unless they were instinctively aware of their right to liberty, slaves would make no attempt to regain it. For men do not act haphazardly and without reason. And the fact that some persons may actually prefer the combination of bondage and security to the combination of freedom and responsibility proves only that men

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have different scales of values. That unfortunate choice does not in any way deny the existence of the right to liberty.

Individual's Right to Property

In one way or another, men also instinctively attempt to preserve their property. This has always been true of all men in all ages. This is a universal truth of human action. It is unthinkable that any person would ever have collected or created anything at all unless he had an inherent concept of the right of ownership. This concept of a right to his own property came with the first man who ever used reason, and the source of his individual right to his legitimately acquired property is the same source that supplied him with the ability to reason. Most definitely, that source is not government.

The fact that men may give up their property voluntarily or because of coercion is totally unrelated to this issue of a right to ownership. And the fact that this inherent right to legitimate property is sadly misunderstood and abused is another question entirely, and does not invalidate the principle involved.

Individual and inherent rights to life, liberty, and property do exist and always have existed. They exist because man is self-controlling and is thus unavoidably responsible for maintaining his own life, his own liberty, and his own property on which both his life and liberty are necessarily based. That is a universal law of nature and of life, and no wishful thinking or pious platitudes can change it. If man had not generally followed this principle, he would have disappeared from this earth long ago.

Laws Follow Rights

Those three basic rights for all individuals did not come into existence because men established governments. Quite the contrary! As the political economist, Frederic Bastiat, phrased it so succinctly, "It was the fact that life, liberty, and property existed beforehand that caused men to make laws in the first place." In reality, the justification for having a government at all is to prevent any person from infringing upon the inherent and *equal* rights of any other person.

Again, if we are searching for principles of human relationships, we must observe how people act, how all men always have acted in real life. For example, why does any man ever rebel against the legal authority that rules over him? The fact that men throughout history have revolted against their own governments gives over-

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whelming support to the theory that men have inherent rights, and that they know it. There have been many thousands of revolutions since evil or ignorant men first learned how to organize the police force (government) in such a way as to deprive others of their lives, liberty, and property. And in almost all of those revolutions, you can generally find a common theme. That is, the rebelling people claimed that their own government was oppressing them and depriving them of their lives or liberty or property.

If rights came from government to the people – and the people knew it – obviously there would never be a revolution. For the people would then be rebelling against the known source of their rights and thus against their own existence. That, of course, would be unthinkable. Thus, positive proof of the validity of the concept of inherent and individual rights above and beyond government is offered by the fact that people *do* rebel against authority when they, individually, disagree with the authority. With the exception of the so-called "palace revolutions," the reason has always been the same – the suppression by the government of some natural right that inheres in every individual because he is a self-controlling human being. And the sad fact that the people may lose more than they gain by a revolution (for example, Russia in 1917, Hungary in 1956, and Cuba in 1959) is not related to the issue.

At this point, I have summarized the case as best I can for the thesis that all human rights inhere in the individual, and that government has no legitimate authority except that given to it by the people. That brings us to our second question and the primary issue of this discussion.

Where Does It Come From?

Do you know of any action now being performed by government that would be illegitimate and immoral for you to do as an individual? If so, here is a disturbing question: What is the source of the government's authority to perform that action? For if no individual possesses the right in the first place, it is self-evident that no individual can logically and legitimately delegate it to government. Nor can two or more individuals legitimately do in common what is forbidden to them individually. Thus if the government is doing anything that logic and morality forbid to all individuals, then the government's authority to perform that act is obviously derived from a source above and beyond the people.

Let us test this idea on several

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specific functions now performed by the government of the United States. For example, our government has the responsibility for protecting equally the lives of all citizens. Is that a legitimate function of government? Well, does each person have the right to protect his own life? We know that each does. Therefore, if a person wishes, he can delegate that right to his government. Since each of us has the right individually, obviously we also have it collectively. Thus, we individually and collectively delegate to a common police force (government) the authority to protect us from domestic murderers and foreign invaders. That function of government is clearly legitimate.

Do you as an individual have a legitimate right to use violence or the threat of violence to compel me to sell my goods and services at whatever price you decree? You do not, and you know it. Thus you cannot logically or morally delegate to an agency (government) the authority to do what you have no moral or legitimate right to do yourself. Nor does the fact that two or more persons do it together change the logic or morality of the act in any way.

The fact remains, however, that our government does enforce maximum prices and minimum wages. Where does it get the authority for those actions? Obviously, the authority cannot come legitimately from people who have no such rights in the first place. Thus the authority necessarily must come from a source above and beyond the people – a reversion to the ancient concept of government under which men stagnated and suffered and died for so many centuries.

In Defense of Liberty

Our government now protects our liberty against any person or group that would deprive us of it. And the line of authority for that action by government is clearly legitimate. You have an inherent and natural right to defend your liberty. I have the same right. So does every other person. And since each of us has the right as an individual, we also have the right collectively to delegate to government the authority to defend our liberty for us, and to charge us for the cost of doing it.

Do you individually have any right to compel me to save a portion of my earnings or to compel me to contribute to the support of persons I don't even know? You claim no such right as an individual. Nor do I. Nor does any other person alone or as a member of a group, outside of government. Yet collectively, through the government's social security program, we are clearly doing what no person

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has any legitimate or moral right to do. What is the source of government's authority for that action? Since the source cannot logically and morally be the people, it necessarily must be some other source; and this clearly marks it as an illegitimate function of government. Since the authority for that action could not be delegated, it had to be usurped by force – another regression to the old dictatorial concept of government that has kept man in bondage of one kind or another throughout most of his history.

As a general rule, our government defends the property of each of us against any person who would deprive us of it. Clearly that is a legitimate function of government. The source of the government's authority to defend property can be traced back to you and me. We hold that right as individuals. And we have chosen to delegate to a common police force the authority to do collectively what each of us has an inherent right to do separately. There is nothing mystical about this process; we do it because we can thereby get better protection for less money.

Is It a Proper Function?

The issue we are discussing here, however, is not the cost of government, or how efficiently it performs its functions, but merely whether or not the functions are legitimate. The questions of governmental efficiency and how best to pay for its services are certainly vital questions, and I have discussed them elsewhere. But it would be pointless here to attempt to decide how best to pay for the services of government before we decide what it is that government shall do, and why.

For example, do you as an individual claim any inherent right to use violence to compel me to join an organization of your choice? I have yet to meet any man who claims such a right outside of government. Yet the police force is used by government to enforce its laws that compel millions of us to join labor unions when we would not do so voluntarily. What is the source of government's authority to pass and enforce such laws? Again, it cannot be the people because no person has such an inherent right. Nor is there any magic number of people combined that can turn an individual wrong into a collective right. Thus, again, the source of the authority for compulsory unionism has to be above and beyond the people, and thus it is unmistakably illegitimate and immoral.

At this point (or more likely, long before now), you may have said to yourself, "But the majority

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of the people voted for it, and that is the source of the authority. Doesn't he believe in democracy?"

Some Uses for the Voting Process

My answer is clear. As a mechanical process for selecting the President of the United States or the Mayor of New York City, the democratic procedure suits me just fine. But as a process for determining right actions from wrong actions, it is totally invalid. When you get right down to it, the blind acceptance of the compulsory rule of the majority is closely akin to the age-old idea that the strong have a right to rule the weak. But I say categorically that might never makes right, whether the "might" is represented by a conquering army or by a 51 per cent voting-majority of the people.

If the majority of the people vote for slavery – as has happened many times – slavery is still wrong. Voting has nothing to do with this issue, one way or the other; slavery is wrong because no person has a moral or legitimate right as an individual to enslave another person. Even a 98 per cent vote in favor of enslaving the other 2 per cent cannot justify the action.

If anything, the fact that the majority freely votes for an immoral and illegitimate action makes it all the worse. We could and would fight any tyrant who attempted to impose his ideas and viewpoints upon us. But democratic majorities cannot be opposed in that fashion; they can only be pleaded with. And quite frankly, I am here pleading. Let us not destroy the process of rational thought by the mere repetition of a word that is increasingly taking on the qualities of a magic cure-all. Let us not use our hard-won franchise as a sort of childish plaything to vote for mere whims. But let us use our vote to prevent any individual or group from ever again telling peaceful persons what they must and must not do. Any other use of the franchise will ultimately destroy it as a means for the practice of freedom.

Democracy is an excellent mechanical method for selecting the officials who will administer the powers we delegate to government. I can think of no better nor more logical way to do it. But this purely mechanical process can never determine the rightness or wrongness of our actions in delegating the powers in the first place. And that is the only issue I am here discussing. For example, if a majority vote really could determine right from wrong, we could easily solve all the religious problems now before us – by having a national election to de-

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termine which particular religion we should all be compelled to follow.

Most certainly, you would consider the democratic process to be an improper method for determining that issue. For the same logical and moral reasons, you also should reject it as the way to determine right and wrong in any other area. Moral issues can never be settled by a show of hands. As proof of that fact, observe the actions of the person who has thereby been deprived of his natural and inherent right to his liberty or property. In one way or another, he always continues to disrupt the arrangement by his instinctive reactions as a self-controlling human being.

Legality versus Morality

Now I am fully aware that, in the United States today, the vote of the majority determines what is legal and illegal. And I am not advocating any change in that mechanical process. But I will never agree that legalities determine moralities. As a minor but clear example of the disastrous tendency of the American people to confuse legalities and moralities – that is, to confuse majority votes with correct actions – take the issue of drinking intoxicating liquors.

The "prohibition amendment" to our Constitution did not make the drinking of whiskey immoral; it merely made it illegal. Nor did the repeal of that amendment make the drinking of whiskey moral; it merely made it legal again. The use of alcohol is a moral and medical and economic question, and thus its rightness or wrongness can never be determined by the vote of the majority.

But the confusion on this issue is so great today that we need only make a thing legal to give it moral standing among the vast majority of the people. And you, yourself, are probably included in that majority. If you doubt it, try this test on yourself: How do *you* determine a right action by government from a wrong action by government? Can you, without using the concept of majority vote, write out an answer that satisfies you? If you can, I will apologize. And I will happily include you among the increasing number of Americans who are seeking a basis for collective governmental action that is more permanent and fundamental than the passing whims and passions of imperfect people – whims and passions that are too often inflamed by demagogues who are themselves less perfect than the people they wish to lead.

Personally, I am convinced that the solution is to be found in the original American concept that all rights begin and end with individ-

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uals; that every person has an inherent right to his life, liberty, and property; that he may exercise his rights fully, so long as he does not violate the *equal* rights of others; that we may delegate the defense of these rights to our government; that any action that is illegitimate for persons is automatically illegitimate for government; and that we should never regard government as any more sacred than any other useful organization that provides us with specialized services we want at prices we are willing to pay.

Your Choice

Now I am well aware that the acceptance of this concept of inherent rights and governmental actions would present us with a number of monumental problems. Even so, that is still a mere detail if the principle is correct. But, of course, if the principle is wrong – that is, if there are no individual rights outside of governmental grants – then we have no problems at all. For then there is no need for us, as individuals, to think and to make hard decisions. If the ancient concept of government is the correct one, then we need only to remain passive, to obey, and to worship – for under that old-but-still-popular idea, the source of governmental authority is above and beyond the individual person, and thus there is nothing you and I can do about it.

I am convinced, however, that you will not accept that ancient concept of government, even under a new name. Fortunately, you can still do a great deal to help reverse the current trend in the United States toward more governmental controls over the peaceful activities of men, if you want to. But first, you must study the question, understand it, and learn how to explain it convincingly to any other interested person. In due course, you can also find and vote for persons who understand that might never makes right, even when the "might" is authorized by a majority vote.

Since you are unavoidably a self-controlling human being, the issue rests entirely with you, as it should. ◈

IDEAS ON LIBERTY

Henry Ward Beecher

THE REAL DEMOCRATIC American idea is, not that every man shall be on a level with every other, but that every one shall have liberty, without hindrance, to be what God made him.

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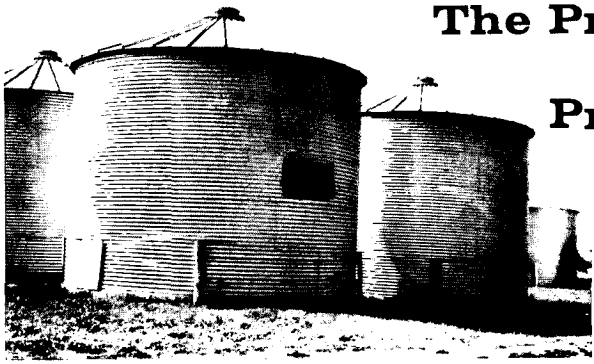

The Problem of Production

BETTINA BIEN

AGAIN AND AGAIN we hear it said: "The problem of production has been solved." Look at the stocks of wheat and bales of cotton going begging! Consider the giant steel mills and factories with unused capacity that could be brought into production! Many view this unused wealth, the surpluses and potential productive power, as a breakdown in distribution. There may be shortages and bottlenecks behind the Iron Curtain, so the argument goes, but in the "capitalist" nations more is produced than can be consumed; the problem in this country is not how to produce but how to distribute surpluses.

Obviously, there *are* surpluses as well as idle plants. Congress has passed many special laws trying to cope with the problems that result. Huge funds have been appropriated to store the increasingly unmanageable stocks of farm products that can't be sold to consumers at the prices asked, to investigate potential new uses, to give them away or sell them cheap to persons without jobs and on relief, and to subsidize the export of larger quantities than could otherwise have been sold abroad. Certainly, at first glance, it would appear that the problem of production *had* been solved, at least in the United States. But has it really?

Although we have mastered the technology of producing as much of any particular good as we may want, we cannot at the same time produce an infinite quantity of everything. The economic problem of production is one of producing goods and services in their proper proportions. Buyers indicate how much of each good or

Miss Bien is a member of the staff of the Foundation for Economic Education.
Illustration: Grain storage in Iowa. Photograph by V. T. H. Bien.

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service they want and in what quality by the prices they are willing to pay. And producers look to these prices as guideposts in the difficult task of trying to plan for the future production of goods when and where they are wanted, in the qualities and quantities desired. Thus, the problem of production remains.

Because prices fluctuate on a free market, there is a tendency, sooner or later, for everything produced to be used in one way or another. Would-be sellers adjust their asking prices in the hope of finding buyers, unless they decide it is wiser to keep their goods or services than to take what they might get in trade. In the same way, would-be buyers shift their sights when they discover the prices of what they want are more or less than expected. If potential buyers and sellers really want a deal, they juggle their asking prices and their offers when they bargain. Consequently, the supply available of any particular item tends eventually to equal the demand for it. With prices free to shift, all goods and services are inclined to clear the market. Moreover, the prices at which things actually change hands help guide producers to avoid serious malinvestments and over- or under-production in the future.

When something interferes, however, to prevent the free play of prices, to hamper bargaining among potential buyers and sellers, "surpluses" or "shortages" are bound to appear. Flexible prices will cause supply and demand to adjust on a free market; but interventions, no matter how well-meaning, introduce rigidities and knock prices askew. A price held artificially high scares off potential buyers while at the same time it encourages increased production. A price held artificially low has the opposite effect; it discourages production but encourages would-be buyers to seek such bargains.

It has been government policy for many years to encourage production of certain agricultural products by guaranteeing farmers a market at prices that are high relative to the prices of other goods and services. As a result, farmers have been encouraged to produce more of the price-supported commodities than they would have if they had been guided by their respective estimates of future demand by consumers. By the same token, consumers, repelled by the relatively high prices, have not been ready to buy the full production of farmers at the government-guaranteed prices. As few farmers, if any, have been willing to sell below the supported prices, "sur-

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pluses" of some of these commodities are produced by farmers over and above what the consumers were willing to purchase. The government "easy money" policy also has influenced plant expansions beyond what market expectations would have called for. These "surpluses," however, are not proof that "the problem of production has been solved." Rather, they are a sign that production has been interfered with. Government guarantees have prevented free market prices from equating supply and demand and thus have hindered solution of the real economic problem of production, the problem of producing what people want, when and where they want it, in the desired quality and proportion, at prices they will pay.

As a matter of fact, "surpluses" show that production has become a *real* problem. By distorting prices, the guideposts pointing to the relative demand for all the various things which may be produced are turned topsy-turvy. Prices, the data on which producers base production plans, give out false information. As a result, too much of some things are offered on the market and not enough of others. Labor and raw materials are literally wasted, used up in making goods and services consumers want less urgently, so that they are no longer available for producing things consumers would have preferred.

Because U. S. consumers today are paying prices higher in many cases than they would have paid in the absence of government interventions, plus higher taxes to cover the programs, they cannot buy other goods and services they see and would like to have. Still other things they would have wanted are not produced at all and don't even appear in the stores. Productive efforts have been channeled into agriculture and into building plants that are not used, at the expense of other branches of production so that the whole pattern of production has been shifted. Instead of satisfying more of the various wants and needs of people as effectively as they might if all prices had been permitted to fluctuate freely, producers have been led to channel production toward the manufacture of comparatively less desired things. Thus, rather than having solved the problem of production in this country, government policy has further confused and confounded producers by various attempts to manipulate prices. And so long as the prices are interfered with, "surpluses" and "shortages" will appear and the problem of producing to equalize supply and demand will continue to defy solution. ◈

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A fundamental tenet of the collectivistic philosophy is best expressed in the words of Karl Marx, "From each according to his abilities, to each according to his needs."

No devotee of individual liberty objects to voluntary gifts and charity. The evil to which he objects is its imposition by some on others, coercively, with these consequences:

1. The victim is deprived of what he produces, which removes his incentive for production.

2. The one who receives unearned rewards is relieved of the need to produce, which likewise removes his incentive for production.

3. Hence, as production declines, this coercive collectivism must inevitably lead to arbitrary and dictatorial punishment. With voluntary production abandoned there is always sought a way to "whip up" production among the ever-increasing nonproducers and among those who the authorities think are insufficient producers. Even the original "beneficiaries" become the victims of the thing they helped contrive.

The following essay by an outstanding business economist examines progressive taxation, that is, "From each according to his abilities," from the standpoint of its harmony or disharmony with the principle of individual liberty.

LEONARD E. READ

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LIBERTY & TAXES

BRADFORD B. SMITH

THE AMERICAN SOCIETY is founded on the idea of individual liberty. It is an abnormal society, for most of the social organizations of history are of the authoritarian form in which a ruling class exploits the governed.

Individual liberty is definable only as the absence of coercion between men. It means not only that no man must initiate physical injury or confinement of another, or take his property or good name, *without his consent;* but also and most especially it means that not even government must do these things except to punish those who do them to others, provided private property may be taken for public use *if* just compensation is given in return. Individual liberty is thus obtainable only when government's superior power to coerce is employed only to cancel out fraud, predation, coercion, and monopoly abuse between men.

If this definition is observed, one may note the following:

1. Freedom of worship, freedom of speech, freedom from man-imposed fear or want are automatic because there is no way that one may restrict such freedom to another.

2. Markets are automatically voluntary and free, for if no man may take another's property without his consent, then each man is free to enjoy the fruits of his own efforts and dispose of them as he sees fit in *voluntary* exchange for the fruits of others' efforts.

3. Production and marketing are automatically competitive for no one has power (unless backed by government) to prevent another from engaging in pursuits similar to his own; as a corollary monopoly is automatically ruled out unless the government's power to coerce is invoked in its behalf as in franchises, cartels, and labor unions.

4. The sanctity of contract is automatically implied because one who takes property and does not fulfill his contract takes it without the consent of him with whom he contracted.

5. The right to work for and

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quit working for one's neighbor (within whatever contractual terms are established) is also automatic; as is also the co-equal but often unrecognized right to hire and to stop hiring one's neighbor (within the contractual terms).

These matters may seem remote from rather than relevant to federal taxation in America; yet they are fundamental, for taxation is the systematic taking, without specifically definable *quid pro quo*, of the individual's substance for the support of government. Taxation, because it is necessary and because it is taking under constraint, is a principal danger to the maintenance of individual liberty in America.

With Consent of the Governed

The key to federal taxation that is in conformity with individual liberty is epitomized in the phrases "with the consent of the governed" or "taxation by representation." Taxation that is *truly with the consent* of the taxpayers, as distinguished from being imposed by some on others, is fully within the definition of individual liberty. "No taxation without representation" was one of the slogans of the Revolutionary War out of which came our society. It could only have meant representation of the *taxpayers*, for the tax tyranny of a foreign king does not differ essentially from the tax tyranny of a domestic group. The determination of the principles of taxation in consonance with liberty thus becomes one of ascertaining just how true "consent" is steadfastly to be secured.

Taxes cannot be determined by everybody in a mass meeting. They are determined by elected representatives. Specifically, taxes are originated in the House of Representatives where the representation is according to population. The task then is to see to it that this body is truly representative *of the taxpayers*.

This Tyranny Foreseen

This adjustment was provided in the Constitution (before the adoption of the Sixteenth Amendment in 1913) by providing that all direct taxes (of which income taxes are the most direct) should be apportioned among the states in exactly the same way that representation is given in the House — that is, according to population. That way it was impossible for a majority to get together and support a direct tax that fell more heavily upon a minority than by the same act it bore upon the majority. The principle of the voluntary was preserved. The majority had to assume a tax burden voluntarily before it could impose one (but not a greater one) on a mi-

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nority. Those in the minority were constrained to pay, it is true, but only as much as those of the majority imposed on themselves. Each voter had one vote in electing representatives to decide the tax and each was therefore to pay the same tax his representatives levied.

No better protection for identifying federal taxation with liberty could have been devised; there is no surer way to re-identify them than to repeal the Sixteenth Amendment which granted unlimited power to majorities to impose direct taxes on minorities not paid by themselves, and which has made possible an orgy of demagogic tax exploitation under the slogan, "Soak the rich." There is, of course, no freedom but only tax tyranny when the mass of the electorate supports heavy taxation of a small minority, while itself escaping the burden.

Contrary minded people say those of greater means "can afford to pay more" or have "greater ability to pay." To some extent this is undoubtedly true and to it consideration will shortly be given. But it still remains true that tampering with the identity between voting and paying is tampering with individual liberty in America. It is far better that the majority surely and voluntarily vote taxes on itself while a minority escapes, for that is freedom, than that a majority impose taxes on a minority which the majority escapes, for that is tyranny. The majority has power to protect itself, the minority does not, as pointed out by Madison in the Tenth Federalist paper.

Proportional Taxation

If everyone paid the same tax, then it is conceivable that the tax would equal the whole of some small incomes and be but a fraction of some large incomes. It would deprive some of the whole fruit of their exertions and others of diminishing fractions of the fruits of theirs. It is apparent that equality in taxation does not necessarily mean equality in relative burden or sacrifice. If we distributed taxes so as to make the tax *burden,* rather than the tax amount, equal to voters, would we then still have tax paying and tax voting equated? Would the identity be even closer? There are certain reasons and precedents for supposing this would be the case. But what is an "equal burden"? Perhaps the closest to the fundamental that we can get is to recognize that when man is born into the world he has only his limited life span at his disposal. It is the element of man's time involved that gives value to things. Air is necessary but has no value

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because it is abundant. Conditioned air has value because it involves the time of men to provide and operate the mechanisms to produce it. Gold and diamonds take time to discover and mine. An equal burden to men of unequal capacity can then be deemed a burden that conscripts an approximately equal amount of each person's time. The earning power of men may differ but an equal proportion of each person's income tends to represent an equal conscription of time or enjoyment and hence an equal burden.

This recognizes that a spoonful of food to the well-fed would yield more human satisfaction if fed to the hungry—the law of diminishing utility; but it holds that a 10 *per cent* of each person's income tends to be equally prized.

The Moral Precedent

If direct taxes are apportioned in proportion to income instead of in proportion to population, while the voice in determining the tax is in proportion to population, we then have established, in the light of the preceding, a reasonable identity between tax determination and human disinclination to pay it. This recognizes equality between men in terms of their each having one life to live, without denying the obvious inequality in their capacities; it protects freedom to live by providing that taxes shall substantially infringe equally upon each person's lifetime.

In support of proportional, direct taxation there is much moral and legal precedent. Tithing started with Moses and has had religious sanction ever since. There are no exemptions. Sales taxes, excises and customs are collected in proportion to the means expended in purchasing; property taxes are percentages of valuations. These would be the principal sources of revenue were the Sixteenth Amendment repealed, and so its repeal would automatically give us approximate proportional taxation. Military conscription takes the same time from each subject to it. Business assessments and distributions are apportioned according to value participation. Proportional taxation of income is the only taxation that leaves the relative distribution of income unchanged. That distribution as determined in a society by the *voluntary* decisions of its members is the one which represents the maximum attainable human satisfaction in terms of sacrifice to secure it. Thus no one receives a money income in a free society except that he or his property render the community a service voluntarily paid for by the community at its own price. He who se-

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cures greater income renders greater service. The community purchases his products or services in greater measure than those of others (thus giving him greater income) only because it wants to, — because the shoes he makes, for example, give the greater satisfaction. To redistribute the income under coercion is to cross the community's voluntary decision and thus necessarily to diminish the sum of human satisfaction.

Straight proportional taxation is the only practical and definite, arithmetic principle of direct taxation that there is between the principles of (a) everybody paying the same amount of tax and (b) income equalization, that is, taxation, coupled with subsidy, which results in everyone having the same income *after* the tax and subsidy.

If anything, proportional taxation takes too much rather than too little of larger incomes, if we consider taxes as payment for the cost of benefit conferred by government. It costs no more to light, clean, and maintain order in the streets for the benefit of those of larger income than for those of lesser; or to maintain courts or count votes; or to provide schools. Many government costs are *per capita* costs and justify *per capita* taxes. It is, of course, erroneous to hold that one's income — whatever it is — is a benefit conferred by the community on the individual, for it is as much a measure of the service rendered the community by the individual; they are quits. It is only from the viewpoint of *equal sacrifice,* of equal disinclination to pay a levied tax, of equal infringement on one's "living," of equal burden, that proportional, as distinguished from equal, direct taxation may be justified under the principle of taxation by representation.

Progressive Taxation

Progressive taxation of income by the federal government, which is currently practiced in the extreme, provides, first, that many voters of small income are either exempted entirely from paying, or pay very little, and, secondly, that successive increments of larger incomes are taxed at progressively increased rates that become confiscatory.

There is no justification in morals or in the principles of individual liberty for progressive taxation. It is the simple looting through law of the more productive by the more numerous but less productive. Its appeal is demagogic, and its result is communism, which in turn is but a transitory stage in the evolution away from liberty into dictatorship. The endorsement of progres-

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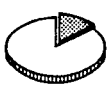
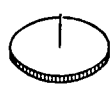
THREE CONCEPTS OF "UNIFORM" SHARING OF TAXES

INCOME	PROGRESSIVE TAXATION The more you earn, the greater the tax percentage	PROPORTIONAL TAXATION Everyone pays the same percentage, regardless of income	EQUAL TAXATION Everyone pays same amount in dollars, regardless of income
$2,000	No tax	$231	$341
$3,000	$133	$347	$341
$10,000	 $1,577	$1,157	$341
$50,000	$20,720	$5,784	$341
$200,000	$130,169	$23,137	 $341

The shaded portion of each symbol represents the federal income tax for individuals. Other taxes, direct and indirect, are not included.

Progressive tax payments shown above are those for 1946, for a married man with two dependent children. The rates shown for the other two concepts would have produced the same total revenue as was collected in 1946. (Though the figures would be different for 1963, the relationships and principles would not have changed.)

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sive taxation is, knowingly or unknowingly, the endorsement of communism, and sincere endorsement of progressive taxation, motivated often by generosity, is unwittingly one of the worst forces undermining individual liberty in America.

Those defending progressive taxation have no principles to rely upon short of taxation which equates all incomes after taxation. That is why they unwittingly support communism. The progressive taxation argument boils down to vague assertions that the poor cannot pay much and the rich "ought to pay" higher rates. When asked how much higher, there is no answer save that it is a matter of judgment – which in practice comes down to the venal philosophy of plucking the goose just short of killing it. Acceptance of the idea of progressive taxation thus transforms the legislative process of tax levying into pressure group demand to make the "other fellow" pay the tax in exchange for the group's political favor, instead of united and uniform decision of proper burden to be placed equally on *all* constituents.

Punitive Measures

Some hold that large incomes have got to represent exploitation of others or luck, simply because they are large, and that tax confiscation is a just punishment. This overlooks:

1. No one gets a money income in our society unless it is *voluntarily* paid him by the community at its own appraisal of the service he or his property renders in exchange. The community is quits with the individual at that point. The argument is weird which holds that he whose industry provides the community with 100 pairs of shoes, for example, should be punished as compared with him who provides but 10 pairs.

2. No one constrains competitors through monopoly except with the support of government. Monopoly income should be corrected by withdrawing the support rather than by taxation to include also non-monopolistic income.

3. The thought that it is just to deprive people by taxation of "unjust" income is a travesty on justice. Were income unjustly secured, justice would require its return to *those from whom it was received.* To loot the "looter" through taxation is to engage in "highjacking," not justice.

Care of the Poor

Those favoring progressive taxation claim that those of small income should pay little or no tax (be exempted). They can't afford to pay, it is claimed. But if so,

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then they can't afford to pay for anything else either. There is no reason why, in proportion to their means, they should not pay for government as for other things; there is vital reason why they should if they vote. Thus the argument is essentially an appeal to charity; but the practice is something with an uglier name unless it also provides that the man who pays insignificant or no tax shall have no vote in selecting representatives in the tax-determining body. For otherwise the body degenerates into levying taxes not on those it represents but on others. This is tax tyranny, not taxation by consent, not liberty.

The care and the relief of the unfortunate in a voluntary society must be *voluntarily* undertaken by those who care for them, if the voluntary society is to be preserved. If that care is constrained (as through taxation) then we no longer have a voluntary society. When a man voluntarily gives something to another, we have a voluntary society, but when one man votes benefit to himself at compulsory cost to others, then even though there is the same transfer of value, the morals of the robber have been substituted for those of charity. Charity and coercion, that is, government, cannot be mixed and freedom remain unimpaired.

Tax Principles

From the foregoing there emerges one central principle that transcends all others: If we are to have individual liberty in America, then taxation by representation *of the taxpayers* must ever be jealously preserved. With taxation initiated in a body where representation is per capita this means that direct tax burdens must be equally distributed among the people. An equal burden is deemed one which consumes an equal proportion of each person's life, which in practice means an equal proportion of income. The one thing always to dread is the laying of a tax burden on minorities by majorities which the majority itself escapes. That is tax despoliation. From this central principle more detailed principles derive:

No Exemptions

1. If individual income is to be taxed, all of it, from whatever source derived, by whomever received, in whatever amount, should be taxed at the same rate. This neither "soaks the rich" nor "burdens the poor"; it is the only even-handed principle that is practical.

No Complications

2. Taxation should be simple in principle and in application in order that there shall constantly be general understanding of it, for

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otherwise there can never be surety that the consent of the taxpayers is truly rather than misguidedly secured. By the same token federal taxes should never be hidden, and it is preferable that their payment be painful rather than painless. The levying of hidden taxes is a practice more fitting to an authoritarian state where a ruling class endeavors to keep the governed contented like cows regularly to be milked. In America the preservation of taxation by representation requires that those whose consent is requisite under that principle should at all times be distinctly aware of the tax.

No Punishment

3. Federal taxation should be uniform geographically and with respect to the tax base. This means that if there is to be a sales tax on consumption, all things should be taxed, and at the same rate. If so-called luxuries are taxed and so-called necessities are not, this is but an evasion of the principle of equalized burden. It is obviously an effort by a majority to make a minority endure a greater tax burden than the majority is willing to assume. If the buying of tobacco, liquor, and fur coats is "sinful," then taxing them rather than forbidding them, is not the practice of virtue but the commercialization of sin for revenue.

No Handouts

4. The federal government should make no expenditures of any kind for which in return the government does not receive an equivalent *quid pro quo*. The dispensing of gifts by the government lightens the net cost of government to the recipients. By giving back part (or more) than was taken in taxes the result is the same as if the burden of taxation had been lightened for the selected group. Moreover, the power to make gifts of other people's money is the power to command political obeisance and a most dangerous instrument in the hands of power-hungry politicians. This means, for example, that "social security" costs should be voluntarily assumed and financed exclusively by the benefited group — never at the expense of the general taxpayer.

No Gift or Estate Taxes

5. Taxation of estates or gifts by the federal government is incompatible with the principles of liberty here enunciated. To tax estates or gifts is to deny to the individual the right to possess, dispose of, or exchange the fruits of his efforts as he sees fit.

No Double Taxation

6. There is no place in the framework of liberty for the di-

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rect federal taxation of corporate income. Since corporate income is taxed again when paid to stockholders, the corporation income tax represents an attempt doubly to tax a minority group. This does not mean that corporations or any other form of business enterprise should not be employed in the collection of taxes. They may represent the points at which taxes may be collected most conveniently, economically, and promptly.

No Deficit Financing

7. The voters of one period should not tax those of a later period. Those of the later period are not represented in the instant taxing body, and hence today's taxation of the citizens of tomorrow distinctly violates the principle of taxation by representation of *those who pay the taxes.* This means that to increase its expenditures government should not incur debt, because the burden of its redemption is thereby imposed on future taxpayers.

Prospects

Few individuals perceive the danger to individual liberty in America in progressive direct taxation, or who, perceiving, have the courage to denounce the principle and its practice. This is thoroughly understandable for a number of reasons: It is a long time since we fought a war to get taxation by representation, and the realization of the meaning of the phrase, its vital importance to liberty, its relation to "the power of the purse" have grown dim. The appeal of progressive taxation is double-edged – it appeals to the mass voter's greed that the "rich" should pay the taxes, and simultaneously the greed is glossed over by invoking the spirit of generosity and Christian charitableness of the more productive, for which Americans are notable.

The disappearance of liberty in America through tax despoliation is so natural an evolution that it has been feared and predicted by statesmen and historians down through our history: Madison recognized the danger in the Tenth Federalist paper, but pointed out it would be unlikely to happen under the Constitution then proposed for adoption – nor could it until the Sixteenth Amendment, a century and a quarter later. Lord Macaulay in 1857 predicted it would happen in the course of the next century, when in hard times, the mass of the voters would listen to the demagogues who promised, if elected, to despoil the more productive for the benefit of the less productive.

The real hope for the recovery of individual liberty in America lies with millions of individual cit-

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izens and in the prospect that they may rediscover the nature of government. It lies in their rediscovery that government wields the monopoly in coercion; that it has in the past and will in the future be ever subject to awful temptation to employ or delegate its coercive power for seemingly benevolent purposes beyond the limits compatible with the maintenance of individual liberty; that the limits once broken, its power tends to feed upon itself; that government tends always toward becoming master and always away from remaining as servant; and that persistently these tendencies must be jealously and rigidly checked if individual liberty is to be preserved. ◈

The foregoing article is slightly condensed from a 1947 publication of the same title, copies of which may be obtained from the Foundation for Economic Education, Irvington-on-Hudson, New York, at 25¢ each.

THE JUST and THE UNJUST

WE GUESS we don't run in the right social circles.

For years we have been reading those books about wild living in the suburbs and wondering somewhat plaintively why the excitement seems to pass us by. In years of suburban living the wildest shock to the even tenor of our domesticity was the day the dog drank up the cocktails and bit the mayor. It was weeks before we were forgiven.

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For almost as long, we've been reading about all this notorious high-living on the expense account, boats and all that, and groaning over what we seem to have missed. After a quarter century in that den of iniquity, Wall Street, no one has tempted our journalistic virtue with even so much as a night at a hunting lodge, much less a sea-going voyage. Where, indeed, are all those expense-account yachts?

True, we aren't without sin, as defined in the new dogma of the Internal Revenue Service. We suffer business luncheons dreadfully often; and when we turn in the voucher, we don't deduct the $1.25 we would have spent anyway for the Blue Plate special. A man is entitled to some recompense for punishment in line of duty.

When business takes us to Peoria or Dubuque, as it does all too often, we take an aperitif before dinner, choose the steak over the chicken-à-la-king and sometimes splurge on the movies, charging the lot to the stockholders. If it weren't for their business, we wouldn't be there at all, and frankly we have better steaks at home.

Moreover, the children being more or less at the age of discretion, we have lately taken our wife along on some trips. We haven't persuaded the curmudgeonly auditor to okay her expenses, but not long ago we drove to Washington on legitimate business (if talking to a Senator is legitimate), and our wife rode along in the car. Even that baleful auditor didn't ask us to reimburse the company for the equivalent price of her bus ticket.

In the Line of Duty

Give or take a few details, this is not unlike the situation of thousands of businessmen in a country where men at work are ceaselessly traveling to and fro. The door-to-door salesman and the flying corporate executive are brothers under the skin; they are working also when they pass the time of day with the lady at the door or the business acquaintance across the luncheon table. Sometimes the smartest business is not to talk "business" at all but to be friendly, interested, to listen and to learn. Only ignorant and petty minds could imagine that the "free" lunch is all beer and skittles.

But now it turns out that all this is under the suspicion of undermining the public morality and the solvency of the U.S. Treasury. In any event the government is going to treat all the people as crooks until proven otherwise.

This suspicion of malefaction flows from every word of the new regulations on record-keeping, pedantic in language and picayune

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in detail, drawn up by the Internal Revenue Service.

Hereafter you must account to the government not only for your yacht but the beer you buy a business acquaintance. The documents for any "entertainment," no matter how trivial, must include the amount, date, place by name and address, type (martini or ham sandwich?), explanation of the "benefit" to be returned for this bounty, the name of the recipient and sufficient documentation to explain your extravagance to the satisfaction of any revenue agent who subsequently examines your tax report.

And if perchance on a trip you spend more than $25 in any day you must itemize everything else too – the day you left home, day you got back, every telephone call, meal, cup of coffee, taxicab, and bus fare. If you want your books to balance, you'd better even keep track of the postage stamps for the letters to the home office.

The sheer absurdity of this avalanche of paper work is only the beginning. The metaphysicians of Mr. Mortimer Caplin's bureaucracy have now gone off to mull such esoteric questions as: What, precisely, constitutes a "business meal"? What is the allowable difference in cost between a lunch for a life insurance prospect ($5,000 policy) and the prospect for an electric dynamo ($5,000,000 sale)? Can you also buy lunch for the prospect's wife, or do you suggest she go eat in the drugstore? What if your own wife is along, too – do you leave her back in the hotel room to munch a hamburger and watch television?

As ridiculous as these questions sound, they are precisely the sort of thing that must now be decided upon at the highest levels, and Mr. Caplin confesses – quite understandably, we think – that it will be some weeks before we can expect any official enlightenment. It has never been easy to decide how many angels can dance on the head of a pin.

Integrity of All Insulted

Yet it is neither the absurdity of the paperwork nor the ridiculousness of the metaphysics that is the true evil.

Here is a situation in which the government is, no doubt about it, confronted with a problem. Some people do hide yachts in expense accounts, just as some do hide misbehavior in the suburbs, and the government has the power to deal with the real tax cheaters. But the vast majority of the people everywhere lead quiet, placid, and upright lives; and the vast majority of those whose taxes support the government give an honest accounting of their affairs.

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Yet here we use the majesty of the law to treat every taxpayer as a potential cheater because pinhead minds can think of no other way; the integrity of all must be insulted, and the conduct of their affairs made insufferable because of the sins of the few.

Now completely apart from this question of expense accounts, this is a philosophy of government which is evil in itself. We once had an example of this when, to stop a few people from drinking too much, we adopted prohibition which treated all men as potential alcoholics. Surely, the results have not left our memory.

The results of this noble experiment can also be foreseen. These new rules will give trouble only to honest men. The real "operator" – the man who is really out to cheat on his taxes – can drive a truck through them.

The smart lawyers are already figuring out the perfectly legal loopholes; beyond that, those with larceny in their hearts will not be disturbed because they will show records, receipts, and paper accounts by the carload. As sure as the sun rises tomorrow, today's rules will have to be followed tomorrow by new rules upon new rules "tightening" the rules.

And while all this is going on, the honest man – the man who takes a business trip to do an honest job for his company and with no desire to cheat either his company or his country – that man will see himself not merely laden with burdensome paperwork but with the fear that everything he does is under suspicion.

Because he honestly tries to keep honest records, all the records will be there and he can be called up a year later, two years later, and find that what he did in good faith is adjudged wrong by some petty bureaucrat imbued with the idea that any expense account must conceal some wickedness. The smart operator will have his lawyers; the little taxpayer will be helpless against the insolence of office.

* * *

We submit that to order the public affairs in this manner is an affront to the public morality, just as it would be for the state to require of every citizen a detailed accounting of his home-coming-and-going because some men cheat. That government governs illy which can find no other way to deal with malefactors than to maltreat all of its citizens, the just and the unjust alike. ◈

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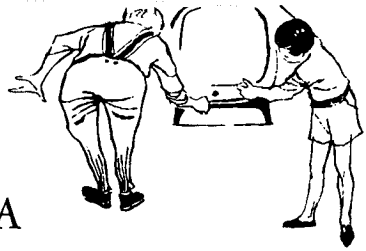


A DEPRESSED AREA

or — THE ECONOMICS OF LOAFING IN THE STREET

When evening breezes stirred the air
And shadows gathered length,
Old Kaspar settled in his chair
And husbanded his strength,
While Peterkin and Wilhelmine
Turned on the television screen.

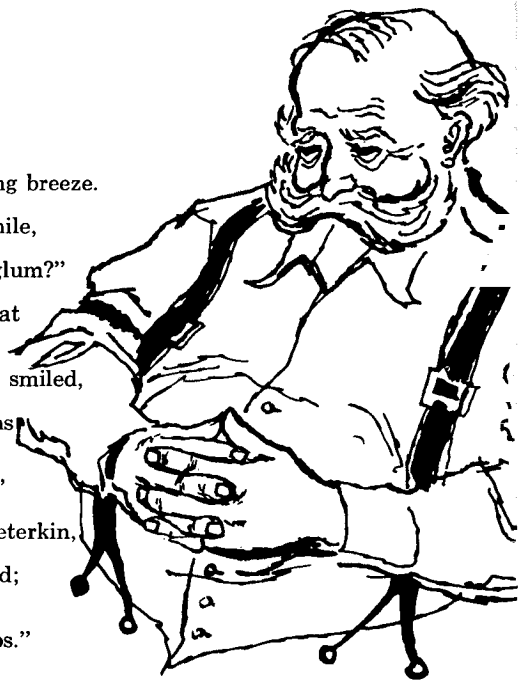
They saw a shabby little town
Where all along the street
Were groups of idle workingmen
Who stood on shuffling feet
Or leaned against the leafless trees
With backs turned toward the chilling breeze.

The children watched the scene awhile,
Then ran to Kaspar's side.
"What makes those strikers look so glum?"
They both together cried.
"Won't they get more to wear and eat
By all that loafing in the street?"

"They're not on strike," Old Kaspar smiled,
"To get a raise in pay."
The children stood with open mouths
As he went on to say:
"The local firms were all destroyed
And all these men are unemployed."

"There's something wrong," cried Peterkin,
"Are they not organized?"
"It makes no difference," Kaspar said;
"For unions are devised
To handle picket lines and mobs
While business firms provide the jobs."

"Can't everyone get higher pay
By loafing in the street?"
"There's one condition," Kaspar sighed,
"Attached to such a feat.
You can't have jobs to strike or shirk
Without a firm to give you work."



H. P. B. JENKINS
Economist, Fayetteville, Arkansas

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SOCIALISM

A BARREN SYSTEM

LEONARD E. READ

SOCIALISM *depends upon and presupposes material achievements which socialism itself can never create.* Socialism is operative only in wealth situations brought about by modes of production other than its own. Socialism takes and redistributes wealth, but it is utterly barren when it comes to producing wealth.[1]

Few Americans today would object were this devastating indictment leveled against communism. But accuse the U.S.A. brand of democratic socialism of barrenness or sterility? For heaven's sake! Are you actually implying, many would ask, that a vast majority of Americans are rapidly committing themselves to a will-o'-the-wisp? Eating the seed corn? Acting as parasites? Yes, this is the indictment, and I shall do my best to demonstrate its truth.

But first, let the terms of discourse be clarified. Socialism is state ownership and/or control of the means of production. And democratic socialism is no less socialism than the autocratic variety. Socialism is just as surely state ownership and/or control of the means of production when installed by majority vote as when installed by a dictator. Socialism doesn't give a hoot how it climbs into the political saddle.

Communism can be properly defined as the communalization by force of the product of all. Marx put it succinctly: "From each according to ability, to each according to need." There have been some 200 small-scale communistic experiments in this country, one of the first being the Plymouth Colony during its first three years. The production of every colonist was forcibly directed into a common warehouse and doled out by

[1] This paper refers only to the economic barrenness of socialism, its unproductivity. But even if socialism were the most productive of all economic systems, it would not merit approval. Socialism deemphasizes self-responsibility, and, thus, it wastes the soul of man.

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those in authority according to need. Free choice of what to do with the fruits of his own labor was denied the individual Pilgrim.

In what respect, then, do socialism and communism differ? As far as their mode of operation is concerned, not at all. Bear in mind that Khrushchev and party refer to themselves as "communists," but that they call their nation the "Union of Soviet *Socialist* Republics." They know full well, and we should know, that socializing the *means* of production and socializing the *results* of production are but two sides of the same coin, inseparable in practice. The state that controls production is going to control the distribution of what is produced; and the state that distributes the product must, eventually, control its production.

That inescapable fact is just as true in the United States, with its democratic brand of socialism, as it is in Russia with its dictatorial socialism. In our own country, when we refer to the "planned economy," we mean that wages, hours, prices, production, and exchange shall be largely determined by state directives – and not by free response to market decisions. Though our "welfare state" policies are currently more humane than their counterparts in Russia, socialism in both nations involves the forcible collection of the product from all people, in order to redistribute it to political groups.

While there are meaningless differences in detail between fascism, communism, and socialism, we must conclude that they are of the same warp and woof as the welfare state, the planned economy, Fabianism, nazism, and state interventionism: the application of state force to both the *means* and the *results* of production. And insofar as the policies of the New Deal, the Fair Deal, the New Republicanism, and the New Frontier socialize, or forcibly communalize, or plan production and distribution, then, to that extent they, too, exemplify the same collectivist principle.

Once it is clear that socialism, be it autocratic or democratic, socializes both the means and the results of production, then it is obvious that compulsory social security; subsidies to farmers; control of rents, wages, production, or prices; tariffs; TVA; the U. S. Post Office; public housing; FHA loans and other governmental financing; all domestic and foreign aid programs; federal urban renewal; federal aid to education; and so on are, in essence, socialistic or communistic. To paraphrase Shakespeare:

> What's in a name? That which we call communism
> By any other name would be as odious.

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The above definitions and brief explanations have been made for the sole purpose of demonstrating that socialism is more than a some-other-country folly. To discuss socialism is to take a hard look at what our own American mirror reveals, not to indulge in mere academic byplay. Such discussion is self-analysis, not a discourse on the political antics of power-drunk Russians.

The Premise, in Two Parts

Now to return to my original assumption. *Socialism depends upon and presupposes material achievements which socialism itself can never create.*

This accusation has two parts: (1) there has to be wealth before wealth can be socialized; and (2) socialism cannot create the wealth in the first place.

With everyone's wealth at zero, there is no one from whom anything can be taken. Many of our Pilgrim fathers starved during the first three years of community communism because there was so little in the warehouse to dole out. Communism, or one of our numerous names for the same thing, the welfare state, presupposes the existence of wealth which can be forcibly extorted. Is this not self-evident?

There remains, then, only to show that socialism – the planned economy – cannot give rise to the *means* of production; that is, state ownership and/or control of the means of production cannot create the wealth on which state welfarism rests.

The Pilgrims' warehouse had almost nothing in it to dole out because the system was nonproductive. The standard of living of the Russian people is so much lower today than our own because their avowed but not wholly practiced system is productively sterile.[2] Such goods as the Pilgrims did produce during their first three years, or as the Russians now produce, can be explained only as the result of deviations from socialism: *leakages of free, creative human energies*! Had the Pilgrims practiced socialism 100 per cent, all the Pilgrims would have per-

[2] While state planning of the economy, and the coercive implementation of the state's plans are more widely practiced in Russia than perhaps any other country except China, we must remember that the Kremlin is more and more disregarding its own tenets and edging gradually toward the practices of a market economy. Incentives to induce production are on the increase, and a significant acreage has been restored to a free market type of farming. What a picture: Russians damning capitalism as they drift into capitalistic practices, and Americans damning communism as they drift into communistic ways of life! Russians are so impoverished that they must turn to capitalistic realities; Americans are so affluent that they indulge themselves, at their peril, in communistic nonsense.

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ished. Were the Russians practicing socialism 100 per cent, there would not be a living Russian. Life goes on in these and all other socialistically-inclined societies because they do not practice the socialistic theory totally! If I can demonstrate this point, my original assumption becomes unassailable.

Total Socialism

What, actually, is meant by total socialism? As a hint, here is a statement by Plato:

> The greatest principle of all is that nobody, whether male or female, should be without a leader. Nor should the mind of anybody be habituated to letting him do anything at all on his own initiative; neither out of zeal, nor even playfully. But in war and in the midst of peace — to his leader he shall direct his eye and follow him faithfully. For example, he should get up, or move, or wash, or take his meals . . . only if he has been told to do so. In a word, he should teach his soul, by long habit, never to dream of acting independently, and to become utterly incapable of it.[3]

The above quotation, however, does not describe socialism. It only outlines the extent to which an individual might become a selfless nonentity, *willingly* subserving a leader, dog fashion. If socialism were total, this recommended subservience would be brought about not by voluntary adoption but involuntarily, and by a master's coercion. In short, total socialism means the total elimination of all volitional action – and it means people in the role of robots. Freedom of choice on any question would be nonexistent.

State socialism is authoritarianism; that is, it rests on coercive force. There is no socialistic act in this country, or in Russia, or anywhere else, that is not backed by the police power of the state. If anyone has any doubt about this, let him refuse to pay his share of subsidies to farmers, or of TVA deficits, or of our governmental gifts to other socialistic governments, or whatever. The penalty for noncompliance is severe, indeed. This, or the threat of it, is coercion, pure and unadulterated!

The idea I am trying to develop will not make sense to any person who does not fully grasp the fact that all state action rests on force or the threat of force. Coercion is government's essential and distinguishing ingredient. The distinction between you as an agent of government and you as a private citizen is that as an agent of government you have the constabulary back of you: issue an edict,

[3] Karl R. Popper, *The Open Society and Its Enemies* (Princeton: Princeton University Press, 1950), p. 9.

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and I obey or take the consequences. Lose the backing of the constabulary and you are restored to private citizenship: issue an edict, and it has no more force than a chamber of commerce resolution, and I do as I please.

Even if every citizen is in agreement with a particular law, the law still has the police force to support it. Government is law backed by force; this is government properly defined.

Coercion versus Creation

Now, consider the nature of coercive force. What can it do and what are its limitations? Keep in mind a gun, a billy club, a clenched fist. Clearly, they can inhibit, restrain, penalize, destroy. These are what the law, or a government decree, can do, and all they can do.[4] *They cannot serve as creative forces.*

Coercively directed action can create nothing. Consider the driving of an automobile. No person would be a safe driver if he had to think his way through each act of steering, accelerating, or braking. Add up the time it takes for decisions to travel from the brain to the hands and feet, and it becomes plain that if drivers operated this way, one wreck would follow another. Any person who knows how to drive has succeeded in relegating driving's countless motions to the control of something akin to the autonomic nervous system. His responses have become as automatic as breathing or writing; that is, they have become conditioned reflexes.

Now, consider a situation in which the relationship between decision and action is enormously worsened: a gunman in the back seat is employing *his* thinking to command even the minutest actions of the driver. There could be no driving at all!

No driving at all? None whatsoever! Try an experiment: A coat hangs over the back of a chair. Find a person intelligent enough to dismiss absolutely all his knowledge of a coat, and capable of refraining from any and all volitional action: one who can force himself to be utterly incapable of independent response. In this situation, now instruct him how to don the coat. He'll never get it on.

The above explanations and assertions, however, have to do only with the first essential of creative action, that is, volitional action. That coercion cannot induce even this is a fact that appears to be self-evident.

[4] The proper scope of governmental action is prescribed by what ought to be inhibited, restrained, penalized, destroyed. See my *Government: An Ideal Concept*. (The Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. $1.50 paper; $2.00 cloth.)

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An Illusion of Productivity

Socialism, we must admit, gives the illusion of being productive. The productivity, however, exists in spite of socialism, not because of it. The productivity originates in the free, creative energy which ignores or escapes socialism's repression; that is, which oozes through or around socialism's smothering blanket. In England following the Napoleonic Wars, and in the United States under the NRA and the OPA, legal restrictions blanketed large areas of production and exchange. But note this: neither country's socialistic decrees were entirely obeyed. In each instance there were gross violations of socialism, with the result that the people managed to live. Such material well-being as there was appeared to come from socialism. It actually came, however, from free, creative energy which, for obvious reasons, was more or less hidden and unpublicized.

Numerous other distractions help to hide socialism's essential sterility. For instance, we observe that many government schoolteachers act no less creatively than do teachers of private schools. Scientists in the employ of government have inventive experiences, as do independent scientists and those in corporate employ. TVA, a socialistic enterprise, produces electrical energy of the same quality as that from an investor-owned plant. Agents of the state and private citizens more or less look alike, dress alike, behave alike. We choose our friends as often from one set as from the other. Meeting a stranger, one could not tell to which category he belongs.

What Really Happens

If we would properly evaluate the effect of coercion, with its absolute absence of creativeness, we should have to disregard these distractions. We need to recognize that it is not the government schoolteacher who exercises the three types of coercion implicit in socialistic education: (1) compulsory attendance, (2) government-dictated curricula, and (3) the forcible collection of the wherewithal to pay the school bill. Furthermore, we rarely feel any coercions simply because we meekly obey the laws backed by force; that is, we *do* send our children to school, we *do not* prescribe our own curricula, we *do* pay the tax bill. But refuse to acquiesce in any one of these three phases of compulsion and see what happens!

The scientist employed by the state, trying to figure out how to put three men on the moon, exercises no coercion. The coercion is applied to the collection of the funds which pay him to work as a

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free agent. He will work just as freely, as creatively, regardless of how his salary is collected. A billion dollars, whether garnered at the point of a gun or voluntarily donated, is in either case a billion dollars. A dollar extorted or a dollar freely given is still a dollar, with a dollar's purchasing power.

In the absence of socialism's coercion, each dollar would be used in accord with its owner's choice, to buy food or clothing, to educate the children, to take a vacation, to buy a sailboat. Coercion only diverts the dollars from owner use and puts them to state use. If, as predicted, putting three men on the moon will cost $20 billion to $40 billion, then that much freedom of choice will be destroyed. This enormous portion of our productivity will be socialized. The people are coercively relieved of their individual choices in order to permit a single choice, exercised by whoever heads the socialistic régime. Authoritarianism is forcibly substituted for individual liberty. What we witness here is a diversionary process accomplished by police action.

The Forgotten Man

We will go astray in our analysis of this complex process unless we examine coercion at one of its points of impact – for instance, the impact on the citizens who are forced to foot the bills. Let's, then, ask ourselves this question: Is the extortion of your income (in order that another may have the say-so as to what it will be spent for) a creative act? Does it make any difference to what use the other will put it? Charity, relief, moon shots, or whatever? Does it make any real difference whether or not the other is a person or a collective? Is this extortion in itself creative? There is no rational, affirmative answer to these questions. Extortion – coercion – is destructive. *It destroys your freedom of choice*! Coercion, by its nature, is destructive.

Let's draw an illustrative distinction between the coercive act and the creative act. A slap in the face (or the threat thereof) is a mild example of coercion. It is much milder than the penalty for absolutely refusing to pay one's tax for a federal urban renewal project in somebody else's town.

Now here is a creative experience: The medical student examined the slide in his microscope, but the culture he had been instructed to develop had failed to grow. Thousands of medical students had experienced that identical failure. But this student, observing that mold surrounded the hoped-for culture, had a flash thought: Is the mold, perhaps, antagonistic to the development of

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the culture? It was, and this experience led to the discovery of penicillin.

Contrast the results of a slap in the face and of the flash thought, and the distinction between coercive and creative actions will be clear.

A Spiritual Genesis

That socialism, founded on coercion, cannot bring about the production which socialized distribution presupposes, is plainly evident once we understand the genesis of all production. Ralph Waldo Trine put it plainly:

> Everything is first worked out in the unseen before it is manifested in the seen, in the ideal before it is realized in the real, in the spiritual before it shows forth in the material. The realm of the unseen is the realm of cause. The realm of the seen is the realm of effect. The nature of effect is always determined and conditioned by the nature of its cause.[5]

Professor Ludwig von Mises, noted free market economist, supports this view:

> Production is a spiritual, intellectual, and ideological phenomenon. It is the method that man, directed by reason, employs for the best possible removal of uneasiness. What distinguishes our conditions from those of our ancestors who lived one thousand or twenty thousand years ago is not something material, but something spiritual. The material changes are the outcome of the spiritual changes.[6]

Just imagine how antagonistic is a slap in the face, or the threat of death or imprisonment, to those spiritual experiences which precede all manufacture: insight, intuition, inventiveness, cognition.

The fact that creative action can and does take place even when financed by funds coercively collected does not in any way modify my assertion that coercive action is destructive, not creative. The Kremlin's master destroys freedom of choice on an enormous scale. Russians may not choose how the fruits of their labor are to be expended. Mr. Big does the choosing in their stead. He chooses to use much of the income thus extorted – socialized – for sputniks and other military hardware.

Misdirection of Resources

We now come to the most important point in this thesis: True, Mr. Big, or the head of any other socialist state can, with the money he has obtained by diverting funds from producers' use to his own use, induce creative action along the lines of his choice. But observe where this authoritarian

[5] From *In Tune with the Infinite* (Indianapolis: The Bobbs-Merrill Co., 1897).

[6] From *Human Action* (New Haven: Yale University Press, 1949), p. 141.

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process channels creative energies: *it puts genius at work on questionable if not downright evil ends*! Let us remember that not all genius is employed on the side of the angels. Is it not plain that creative energies can be turned to destructive ends? Do we need any more proof of this than the amazing ingenuity that has brought about the most destructive force ever devised by man? But putting aside the H-bomb, and such miraculous and fascinating follies as orbiting monkeys and men around our earth, reflect on the countless economy-destroying projects that result from man lording it over his fellow men. Man cannot feign the role of God without finally playing the devil's part. This is to say, as Emerson so eloquently phrased it:

> Cause and effect, means and ends, seed and fruit, cannot be severed; for the effect already blooms in the cause, the end pre-exists in the means, the fruit in the seed.[7]

Stated in other terms, man cannot use coercion for other than destructive purposes; for even a legitimate police action for defense is still an inhibiting or destructive action, however necessary a police force may be. Raise billions by destroying freedom of choice – the socialist format – and the creative energies the funds finance will rarely serve the higher ends of life. Three men on the moon, subsidized farmers not growing wheat, flood control that floods the land forever, mail delivery that bears a $2 million daily deficit, the rebuilding of urban areas that the market has deserted, the financing of socialistic governments the world over, are cases in point. None of these is a creative or productive endeavor in the full sense of those terms.

I began this paper with the resolve to demonstrate that socialism depends upon and presupposes material achievements which socialism itself cannot create, that socialism is productively sterile. But after thinking it through, I must confess that my affirmation can be proven only to those persons who see the long-range effects of present actions; and to those who *know* that man playing God is a prime evil, an evil seed that must grow to a destructive bloom, however pretty it may look in its earlier stages. ◈

[7] From *The Complete Essays and Other Writings of Ralph Waldo Emerson* (New York, N. Y.: The Modern Library, 1940). p. 176.

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LEAST OF ALL... *the Family*

JOHN C. SPARKS

WHEN A GROUP of us undertook to study the socialist doctrine "from each according to his ability, to each according to his need," a clergyman friend in our midst said he took mild issue with the use of the word "socialist" as the adjective. The doctrine, he went on, could apply to a number of circumstances involving human beings in society. And as a clincher, he added, ". . . for example the family."

Our questions, seeking further explanation, brought forth the following sequence of thought: parents provide the ability, children receive their needs; since the family method of operation is in perfect accord with the doctrine, it may be doubtful that "socialist" is the proper designation for the idea under discussion. Furthermore, the family operates in this manner very successfully; hence, this same *modus operandi* should be considered favorably for extension into the community, state, and national "families."

In the ensuing discussion the arguments against "from-ability, to-need" in the economic and political areas outside the home were fairly convincing to the predominantly libertarian participants. Nevertheless, the clergyman's point seemed to have taken the edge off the libertarian argument, and some appeared to concede his assertion that families do, in fact, conduct themselves on the basis of "from each according to his ability, to each according to his need."

An uneasiness came over me. Having often used a simple situation to clarify the fundamental elements of a more complex situation, I had now been confronted with what was alleged to be a fundamental fact in a simple situation. And this "fact" appeared to refute my conclusion pointing to the fallacy of "from-ability, to-need."

Furthermore, I realized that many of the ideas for the welfare state and much of its support originate among very sincere persons striving to bring help, often in the form of material things, to those who have less than others. Of all the persons who advocate

Mr. Sparks is a business executive in Canton, Ohio.

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government laws bringing about wealth and income redistribution, none are so sincere as those whose professional work brings them into close contact with people in difficult economic conditions, at least some of which misfortune seems to have been beyond their control. It is not surprising that a doctrine calling forth the able to help the needy, accomplished by force of government in political socialism, should find acceptance among these genuinely sincere persons.

How much of the socialist-enforced "from the able, to the needy" stems from the analogy mentioned by my clergyman friend, I do not know. I only know that any difficult-to-refute argument as simply stated and impressive as this one is, can well be the foundation for many subsequent faulty conclusions leading toward intervention by government.

His assertion was either true or false. If true, then why not extend a successful family-operating method to community, state, and national "families" as suggested by this proposal? If false, then reasons are needed to head off the use of an incorrect and harmful analogy.

To examine the matter carefully, one must first delve into the nature of purposeful human action. Sitting before the TV set, working, working harder, giving to charity, mowing the lawn, walking to the refrigerator, buying a dress for one's wife, purchasing shoes, going to church – even sleeping – are examples of human action! Every act is done by a person as a preference to all other possible acts from which he can choose. In most cases, a person can perform only one or a limited few acts at the same time, to the exclusion of all other possibilities.

Doing What Seems Best

The fact is that every man's every act aims at self-satisfaction, including a parent's actions toward members of his family. So, the *modus operandi* of the family is not socialistic. Parents act to satisfy material wants and intangible desires. The motivations probably include comfort, self-acclaim, love, respect, friendship, realization of a job well done, and pleasure in witnessing the joy and happiness of those who have received necessary assistance and guidance. Or, there may be unworthy influences such as infatuation with arbitrary authority and power. The father may be a tyrant whose gratification consists of batting his children around and terrifying his wife. However, our purpose here is not to debate the merit of various motivations but to point out that the intent to gain satisfaction

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through achievement of an objective is the motivation of all human action, and the potential satisfaction that motivates *must accrue to the person who is acting*, or the action will not occur.

Another's joy may influence a person to act, but only the actor's hoped-for satisfaction will really motivate the action. My sixteen-year-old daughter may be pleased over a new dress I have bought for her, but my anticipated satisfaction (in promoting her health and happiness) must have been the motivation. I am sure she would be overjoyed if I were to buy her a bright-colored convertible or a mink coat, but her potential joy in the receipt of such gifts does not happen to create a desired satisfaction image in my mind; or, if it is on my value scale at all, it is so far down the list as not to be an effective objective.

To further strengthen the point that self-satisfaction is unquestionably the motivation in a parent's actions concerning his child, one should reflect upon the fact that a minor child is but an extension of the parent. It is quite natural that one would seek to satisfy the desire to find something better in one's offshoot. Feeding, clothing, educating, and otherwise caring for my child is in reality no different from caring for myself.

Unless self-satisfaction is obtained by the economic producers within a family, the family itself is endangered. If an economic producer receives more satisfaction in being attentive to and spending his earnings on a woman other than his wife, for example, the other members of the family may discover that neither their economic nor their more intrinsic wants are being filled. Not present is the satisfactory exchange that prompts human action in the direction of over-all family gratification. In such an aggravated situation, it is more than likely that law and officialdom will step into the picture. *Only* then, under the *artificial* requirement of law, is the "from-ability, to-need" ideal brought into effect. And then, it is only a temporary expedient until a normal arrangement can be restored.

No Evidence of Socialism

I have tried to find a trace of "from-ability, to-need" in the normal activities of the members of a family. I have sought it in the teaching of children, in the sacrifice of parents, in the acts of love, in the quest for accomplishment, in the discipline toward self-reliance – and nowhere in the family can I find any evidence of the presence of this socialist doctrine.

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Children are often taught household jobs as their individual responsibilities. Merely because fourteen-year-old Jane has the ability to make beds is no good reason why she should be required to perform these tasks to satisfy the needs of her younger twelve-year-old sister and eight-year-old brother. If all three are responsible for their own bed-making, then each will grow in strength of mind as each develops self-reliance to complete this daily household task, even though the finished job of the youngest may appear to have been stirred with a stick. Again, the socialist ideal here under examination, "from-ability, to-need," does not come into use, and for good reason. Self-reliance is a more desirable trait to develop than dependence; and fortunately, self-reliance still remains high in esteem inside the American family.

Erroneously, there is a connotation of sacrifice in "from-ability, to-need." Sacrifice, a worthy achievement in the truest sense, more appropriately belongs outside the socialist realm, inseparably tied in with free will. Sacrifice is often mistakenly thought of as a selection of a certain human action on some basis other than self-satisfaction to the actor. This is error. Sacrifice is merely one kind of self-satisfaction. Parents may work hard and deprive themselves of worldly goods that they otherwise could have acquired, in order to save for the college education of their children. Some may think this human action is illustrative of the "from-ability, to-need" ideal, falsely equating a warm, wholesome human action with this socialistic doctrine. Yet, in the absence of coercion, one must conclude that parents voluntarily choose their course of action; that is, they sacrifice because they receive satisfaction *for themselves* by providing their children with higher-education opportunities. Were this basic principle not true, the family could never have developed in the first place. Sacrifice is *not* a giving up. It is an action, taken voluntarily, by which the actor expects to receive what he believes to be a greater value or pleasure in place of what he believes to be a lesser value or pleasure.

To Achieve Maximum Satisfaction

Does this differ from any other human action? No. All voluntary action will be directed toward the achievement of more, rather than less, satisfaction. It is to achieve my satisfaction that I act. It is to achieve your satisfaction that you act. Achieving satisfaction for oneself is in itself neither selfish nor unselfish. How the action

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is affected by the various influencing factors may be an indication that one's satisfaction-seeking acts are based on self-comfort or self-acclaim to such an overwhelming extent that the importance of other factors – such as love within his family – is slighted; thus, selfishness may be said to rule one's actions. On the other hand, an actor whose satisfaction-seeking is influenced more by love than self-comfort or self-acclaim may be thought of as unselfish. Whether the analysis is accurate or not is difficult to ascertain, but in neither case is "from-ability, to-need" in operation.

Is the demonstration of love within a home limited to adults and to those with monetary ability? Hardly. The small child that presents his prized and favorite stuffed animal to a parent as a token of love, shows the true ingredient of love – the self-satisfaction in the giving of oneself. The child acts naturally, not according to an artificial, *non*-satisfying concept.

In a famous Biblical story, the parable of the talents, the master expected more to be returned to him than his original investment with each of his servants. So does the expectation run high with parents that their reward will also exceed the original investment in their children by seeing them mature into good, sterling lives to contribute to man's slow evolvement toward his Destiny. Again, "need" is not the key. The master, in the parable, rewarded the *ability* that was translated into accomplishment.

Bringing Out the Worst

Admirable qualities evolving in mankind are such things as self-reliance and the wisdom to envision a long-term greater good in place of an immediate or short-term lesser good. Such evolvement occurs at a more rapid pace when the self-satisfaction motivation is free of force, except that of the dictates of one's own increased wisdom and persistent conscience. By contrast, the unnatural "from-ability, to-need" does not impel mankind to a higher plane of development but rather brings out the worst.

In her recent novel, *Atlas Shrugged* (Random House, 1957), authoress Ayn Rand recounts the fictional but vividly realistic story of an industrial company whose owners decided to give the company to its employees on the condition that a policy of work and wages be adopted, embracing the socialist ideal of this particular discussion – "from each according to his ability; to each according to his need."

The employees, bulk of the pop-

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ulation of a small Wisconsin town, were a closely-knit group, composed largely of friends and relatives. But when "need" became the medium of compensation, production and quality fell off sharply. More important, however, is the description of persons who were forced by these unnatural circumstances to dramatize their needs. An ex-employee character of the novel relates: "It took us just one meeting to discover that we had become beggars – rotten, whining, sniveling beggars, all of us, because no man could claim his pay as his rightful earning, he had no rights and no earnings, his work didn't belong to him, it belonged to 'the family,' and they owed him nothing in return, and the only claim he had on them was his 'need' – so he had to beg – for relief from his needs – listing all his troubles and miseries, down to his patched drawers and his wife's head colds, hoping that 'the family' would throw him . . . alms. He had to claim miseries because it's miseries, not work, that had become the coin of the realm . . . each claiming that *his* need was worse than his brother's."

This vivid word picture can very easily be translated into the contemporary Washington scene, as civic leaders from communities of the nation put on similar alms-seeking acts. But does this picture coincide with the operation of any personal family you know? If it does, then one would expect that all recipients of that family exchequer, like Miss Rand's example, would also become "whining, sniveling beggars." Yet, this is not the true picture of most families; and, particularly far removed from such a description are those families that abound in mutual love and respect.

Sincere persons are prone to be taken in by the deceptive attraction of this socialist concept because of the misleading implication that our highly-regarded family institution works in such a fashion. It is unreasonable, however, to suppose that the traditionally solid foundation of our free society is based on the reward of *non*-ability and *non*-satisfaction.

It is quite possible that our generation of Americans have withstood the onslaughts of socialism as well as we have, precisely because home life has *not* embraced the "from-ability, to-need" ideal. The dawning realization by sincere but misguided interventionists that the artificial "from-ability, to-need" socialist ideal successfully fits no natural situation of human society – least of all the family – may just possibly shut out faulty conclusions built on this false premise. ◈

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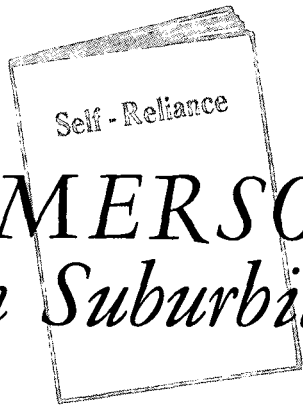

EMERSON in Suburbia

SAMUEL WITHERS

As Ralph Waldo Emerson's voice in Boston's Athenaeum is said to have entranced his listeners, so the voice in his essays has made many readers since his day feel suddenly responsive. But Emerson does not go over in today's suburbia. He is not "with it." The boys and girls whom I taught English in a wealthy New York suburb may or may not be "tomorrow's leaders" (as they are so often told they will be) but they are the sons and daughters of today's leaders. They are unusually earnest for high school students. They want to understand. But they just can't dig Emerson. His voice has stopped somewhere short of their ken.

"To believe in your own thought," Emerson said, "to believe that what is true for you in your private heart is true for all men – that is genius." It is a genius missing among "tomorrow's leaders." The sophisticated high school boys and girls today are suspicious of this kind of self-trust. Popular psychology, learned from TV, magazines, and their parents and teachers, has made them distrust difference as eccentricity – eccentricity attributable to repressions or obsessions. So in proper caution most of them measure their own thoughts against those of others. To Emerson's statement, "God will not have his work made manifest by cowards," their reaction is that God, if there is a God, will not have his work done, necessarily, either by cowards or brave men. He will have his work done by reasonable men, who understand human motivation, sitting in committee and

Mr. Withers is Administrative Director of the Council for Basic Education, and prior to that had been a high school teacher of English in a wealthy New York suburb.

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producing a result that all reasonable men may readily accept.

It would be unfair to make this generalization about today's suburban youth without some apology for them. To begin with, there are a few adolescents who admire Emerson's thought and genuinely try to live by their own convictions. Secondly, it must be admitted that Emerson did not appeal to the majority of men even in his own time. And in the third place, we must concede the much rehashed assertion that adolescence is a period of conformity not only in suburbia but throughout the world. In that age, which we are told is "insecure," boys and girls take comfort from dressing, talking, and thinking alike.

An Open Hostility

But there are significant objections to this apology. Not only are there very few (one or two in a class at the most) who find Emerson's philosophy compatible; most of the students I taught were positively hostile to it. They either considered it dangerous and disruptive or else the product of a puerile mind which had not, alas, had the advantage of familiarity with post-Freudian thought. And while Emerson never appealed to the majority, these students themselves are hardly representative of the man on the street. They take their academic work seriously, many of them come from illustrious families, and their average I.Q. ranges with that of the better independent preparatory schools. If any of today's adolescents might be expected to heed an appeal to individualism, they might.

But I have taught in rural schools, both in Vermont and in New York state, and in both places I found more individualism and more respect for individualism than I did in suburbia, though most of the individualists I found in the rural schools were of a homespun variety that Emerson would doubtless have approved more than they would him. Furthermore, most of these will keep the noiseless tenor of their way along the cool sequester'd vale of life, while their better educated contemporaries will provide the Cromwells and the Miltons of the coming generation – if, indeed, there be any. To be a Cromwell or a Milton you have to have the genius to believe in your own thought.

Angry at Society?

To most of my students in suburbia I assigned both "Self-Reliance" and "Heroism," the essays in which Emerson makes his strongest appeals for integrity of thought and conscience. One boy,

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a thoughtful one and a student leader, made an objection to Emerson that immediately had the rest of the class echoing with approval. It was to Emerson's statement, "Society everywhere is in conspiracy against the manhood of every one of its members." The boy asked, "What was the matter with Emerson? Was he angry at society?" He implied that only dyspepsia could account for such an attitude. Turning to the class generally I asked, "Haven't *you* ever felt social pressure?" Of course, they admitted that they had. But they did not feel that this was pressure against their own integrity. Rather, they grudgingly said that social pressure is something to be grateful for. "It helps us when we get out of line."

"Heroism" made even less sense to them than did "Self-Reliance." The students commented on it with restrained contempt. "The hero," said Emerson, "is a mind of such balance that no disturbances can shake his will, but pleasantly and, as it were, merrily he advances to his own music, alike in frightful alarms and in the tipsy mirth of universal dissoluteness." One of the more precocious boys asked, as we considered this, whether or not Emerson was paranoid. Seeing that they did not accept Emerson's concept of a hero, I asked them what theirs was. Apart from the expected examples of physical heroism, such as rescuing people from a burning building, the students showed disrespect not only for Emerson's concept but for the idea of heroism generally. The word *hero,* indeed, was among many of them a slur-word: "What are you trying to be, a *hero*?" It was bad form to stand out.

Other terms popular among the students also indicate their cast of thought. A "fink" is someone who plays a lone game. Emerson today would be a fink if he were among these students. From popular psychology comes their term "sick," a term which is applied not only to individuals but to any ideas that are "way out." A term of great approval is "cool," but it is applied only to things which are strictly regulation. If a thing is "shoe," it's O.K., even though it may not be cool. "Shoe," I understand, originated among the slightly older college set during the time when it was mandatory to wear dirty white bucks (thus being "shoe") unless you wanted to be considered sick or a fink.

Adults Partly at Fault

This distrust of individualism and worship of conformity is at least partly the fault of adults. Teachers have long been blamed for rewarding docility and com-

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pliance while punishing nonconforming behavior. Our faculty devised a way to insure the success of such "cooperation." It was called the "Citizenship Committee," and, although its ideals were nobly stated, one of its effects was to dim the spark that Emerson pleaded for. The Citizenship Committee was composed of both faculty and student members.

I remember on one occasion hearing the faculty head of the committee speak proudly of the effectiveness of its work over the preceding two or three years. There had been a home football game in which the opponents uprooted our goalposts after the game. "There wasn't a move on anybody's part to stop them, and there wasn't any fight," the faculty man boasted. "Only a few years ago we'd have had a real fight on our hands." While I am not in favor of brawls, it seemed to me that something had been lost with this gain—perhaps something more vital than the avoidance of bloodied noses or the show of "ungentlemanly behavior"—something that Emerson called in "Self-Reliance" a "wild virtue."

There is another reason why the pupils I taught found Emerson's ideas so incompatible: it is their concept of democracy. "Democracy" has become a word almost religious in its earnest application (and, as I feel, misapplication) with these boys and girls. It is a worship of majority opinion. The individuals who occasionally stood up in righteous indignation within their town meetings, which fostered our original brand of democracy, in order to protest a majority feeling, would be *way out* in today's suburbia. Emerson's voice cried, "Nothing is at last sacred but the integrity of your own mind." And suburbia's voices would chorus in reply, "Nothing is at last sacred but the collective will of the people." The respect for the dissenter which characterized our earlier brand is gone with their veneration of majority rule.

Justice Holmes is credited with having said, "Truth is the majority opinion of that nation which can lick all others"; but one senses the wryness with which the old man made such a cynical pronouncement. It comes pretty close to being what the young people in the sophisticated suburban schools believe with a straight face.

The Discouraging Prospects

It may be old-fogeyism to be concerned about suburban kids' reactions to Emersonian thought. Maybe, after all, they are not tomorrow's leaders. There has always been in this country a tradition of leadership appearing, al-

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most miraculously, from the back woods or hills. The most obvious example is a man from Kentucky and Illinois, who kept the country one. But the discrepancy today between the kind of education available in wealthy suburban schools and those of impoverished rural areas is greater than it used to be, and a good college education is now a *sine qua non* for anyone we would call a leader. The chances are that the boys and girls who reject Emerson as archaic or psychotic *are* the people who will take over their generation. If they do, they will take it over in teams and committees, and a right reasonableness will help the aspirant to qualify for the best team or committee. This prospect seems to have little about it that savors of greatness.

About greatness, two of Emerson's succinct aphorisms are, "To be great is to be misunderstood" and "Greatness appeals to the future." Among the Beatitudes in the book of *Matthew* there is a parallel: "Blessed are ye when men shall revile you, and say all manner of evil against you falsely, for my sake. Rejoice and be exceeding glad: for great is your reward in heaven: for so persecuted they the prophets which were before you." But the children of today's suburban dwellers would choose a different Beatitude, if any: "Blessed are the peacemakers; for they shall be called the children of God." Peacemakers, to be sure, not in any international sense, but in the sense that lets the goalposts drop because it is immature to defend them. Peacemakers who try to show recalcitrant objectors to a majority opinion the error of their ways.

It is no wonder, considering their conditioning, that these young people are hostile to Emerson's philosophy of individualism. "What I must do is all that concerns me," Emerson said, "not what the people think." To boys and girls who have been taught to venerate what the people think, these words raise a banner for chaos and anarchy. It may be that some of the seeds of anarchy are in Emerson's words. But so are the seeds of integrity, and it is disheartening to see these lost.

"Trust Thyself," and the Outlook Brightens

Old and middle-aged alarmists have always thought that the younger generation is going to pot, and I must confess qualms about my own observations. But they are temporary qualms, because I subscribe to Emerson's injunction, "Trust thyself." And my qualms are about "tomorrow's leaders." Where will the people

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come from who will fight for a vision even though they may not find it popular at first? Where will the people come from who are willing to stake their careers on the validity of their own insights? In other words, where will real leadership come from?

Whether the adults of suburbia can do anything to provide the real leadership we will need in the seventies and eighties or not, I don't know. Perhaps we could stop inculcating the supreme virtue of "cooperation." Perhaps we could question "the Freudian Ethic" more than we do in our English and especially our social science courses. But these seem weak negatives. We need, ourselves, to believe in the sacredness of the integrity of our own minds – and to show that we believe in it. Stoutheartedness engenders stoutheartedness, as the song says which begins, "Give me ten men. . . ." If parents and teachers can hear again the voice of the Athenaeum with some respect, we may gain a new audience for it in a new generation. It has dropped to a whisper now. ◈

IDEAS ON LIBERTY

Revolt Against Nothingness

THE GREAT TASK of the present age, in the field of morality, is to convince common men (uncommon men never fell into the snare) of the inane foolishness which envelops this urge to revolt, and make them see the cheap facility, the meanness of it; even though we freely admit that most of the things revolted against deserve to be buried away. The only true revolt is creation – the revolt against nothingness. Lucifer is the patron saint of mere negativistic revolt.

JOSÉ ORTEGA Y GASSET
Mission of the University

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Developing Disorders– East and West

WALTER A. LUNDEN

PERHAPS no one knows precisely what prompted Rudyard Kipling's famous line: "Oh, East is East, and West is West, and never the twain shall meet." Now that the East has met the West, the serious consequences are disorder and violence. Recent international developments give Kipling's words new meaning and significance. The industrialized nations of the West and the semiagricultural people of the East have come face to face, and neither side likes what it sees. Geographically, there is an East and a West, but realistically, there are those who *have* and those who *have not*.

For centuries the underdeveloped *have not* peoples accepted marginal living as their destiny. But exposure to the West during and following World War II leaves them unwilling to remain forever underdeveloped. In a "revolution of rising expectations," they want what others have – and they want it without delay.

Western technological progress has swept like a cyclone into the underdeveloped areas. It has shattered the cultural forms of the less advanced people, only to leave in its wake a social vacuum, a "disorganized dust of individuals" devoid of solidarity and open to disorder, violence, and crime.

From Oxen to Jetliners

We are witnessing today a rapid transition in many areas of the world from a rural agricultural tribal system to an industrialized urban society. This transition has some of the characteristics of the

Dr. Lunden is Professor of Sociology at Iowa State University. Portions of this article were previously published in the May-June 1962 issue of *Police*.

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Industrial Revolution which began in the West two centuries ago. Changes, which took almost 200 years, are now coming in many areas within the span of a single generation. In the West, much time elapsed between the hoe and the tractor, between the oxcart and the superjet plane. Today, in vast areas, people are trying to drop the hoe and adopt the tractor within a matter of months. Others attempt to unhitch oxen and to climb aboard the superjet almost the same day. Some are discarding the bow and arrow for the machine gun. All this may be possible, but the ideas men have in their heads change more slowly than the things they have in their hands.

Although the tractor or the new technology are not the causal elements in the present problems, they are part of the transition that creates disorders in the underdeveloped areas. Industrialization, urbanization, and technology per se may not be the prime elements in affecting the behavior patterns of people, but other factors follow in the wake of these influences.

Evidence of Disorder

Let us, then, examine the limited information available on the amount of disorder in the underdeveloped countries, clear evidence that violence has increased out of all due proportion since World War II.

In Thailand, serious crimes have risen from 42,276 in 1948 to 139,618 in 1957 in Bangkok alone. In the provincial areas, crimes have risen from 183,887 to 293,454 for the same years.

In the Union of South Africa, prosecutions have increased from 80 per 1,000 in 1935 to 117 in 1955. Serious crimes rose from 49,411 in 1940 to 193,986 in 1955. Stabbings increased from 1,359 in 1940 to 6,080 in 1955. Theft increased from 18,660 in 1948 to 23,573 in 1957 and petty crimes from 28,965 to 71,716 for the same years.

The Republic of Korea has witnessed a sharp increase in almost all types of serious crimes from 24,391 in 1956 to 31,466 in 1957. Between 1953 and 1957, thefts increased from 1,568 to 9,881, personal injuries from 300 to 6,339, embezzlement from 98 to 1,187 and fraud from 188 to 1,169.

In the Kenya Colony of East Africa, serious crimes have increased from 1,273 in 1950 to 3,500 in 1955. The prison population increased in Uganda Prison from 2,168 in 1946 to 4,071 in 1954.

In Yugoslavia, from 1950 to 1956, the number of offenders sentenced for serious crimes increased from 91,024 to 139,105 or

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from 558 to 734 per 100,000 inhabitants, a rise of 31.5 per cent. In the same years, property crimes increased from 17,092 to 31,113 or 82 per cent; crimes against persons rose from 11,895 to 27,899 or 135 per cent.

These data, though not complete, reveal what has been happening in given areas. Observations and reports from various officials living and working in other areas further attest to mounting conflicts and crimes, as, for example, in the Belgian Congo and South Africa.

Why the Increase in Violence?

The increase in crime and violence in underdeveloped countries is not explained by the industrialization, urbanization, and technological changes. These elements are present in the maelstrom, but they are not the prime factors. The cause, if the term can be used broadly, lies in the psychosocial world of the peoples involved. Modern machinery may build an excellent highway through the hinterland of a country, thereby enabling people living in tribal families, ruled by past customs and patterns of behavior, to migrate to urban centers. These new cities are conglomerates of people, chiefly aliens. The migrant is unable to adjust to this formless mass of people. No longer surrounded by the traditional controls of the tribe or family loyalties, he becomes a rootless person without associates, stripped of his sense of security, a small particle in the world of "disorganized dust." He is "Mr. Nobody," the man without a face lost in the confusion of urban life. The Pakistani migrant, the man from the reserves of Kenya, and many others find in urban areas no support for their traditional way of life. Social mobility has shattered the social world from which they came. The end result is the social deprivation and isolation which breed crime.

The Gulf Between

In addition to these conditions, physical and social barriers separate the native people from the aliens — the *have nots* from those who *have*. Working conditions and systems of organization accentuate the conflicts, create tensions, moral confusion, a sense of frustration, and antagonism.

When *have not* people get a glimpse of what appears to be a better life, but lack the means of gaining these benefits, their frustration and antagonism break out into violence and crimes.

Other factors compound the problem of crime in the underdeveloped areas. In some instances, the aliens fail to understand the

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local conditions, or at least fail to take those conditions into account. In a few cases, unscrupulous practices have been employed as a result of the factional interests of the outsiders. M. B. Deshmukh, in his UNESCO report on conditions in India, points up the issues:

"Every human being admires honesty, courage, decency, and more so the simple villagers. But the regard for these customary norms of behavior is set aside by a powerful desire to gain rewards without efforts; particularly when very little can be earned by honest efforts and there is almost no social control to curb the criminal instinct."

The Rootless People

Acute as this condition may be, there are other social processes that take place. Where two different social systems meet, the cultural shock brings about a change in the personality which has been called *detribalization.* When people from the hinterland migrate to the urban industrial center, the established and customary loyalties to places and groups are destroyed in the effort to assimilate the new systems. In this transition, the people lose their traditional ways and patterns of conduct in the rootless urban life. They not only become men without a country, they become a people without a culture.

When men and women are cut off from their past and are unable to accept new and strange patterns of conduct, they become a great mass of nobodies without controls and directions. The tribal customs of the hinterland have no place in the new alien world. In some instances, the migrants attempt to recreate the older tribal customs in the new environment, but alien laws and institutions discourage and forbid these activities. The conditions in South Africa are a sad illustration of these events. When two cultures meet, it is not just the people who encounter each other; there is a conflict of institutions and social systems. Violence and crime are a natural reaction.

Hoping to establish order in these disorganized areas, the constituted authorities often attempt to impose their own laws upon the mass of migrants. In most instances, these prove to be ineffective because they lack native moral, religious, and tribal support. In spite of all the legalistic methods of the West, authorities have not been able to deal adequately with native witchcraft and Black Magic. His basic primitive beliefs have become the African's defense against the forces of the West, the economic deprivation, social tensions, and the conflict aris-

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ing from the clash of the two cultures.

The Conflict of Laws

A number of scholars have been aware of the conflicts between the legal norms of different peoples. When H. Kelsen (*General Theory of Law and State,* 1940) used the term *Grundnorm,* he explained the situation from a sociolegal basis. The *Grundnorm* is the basic ethical "ought" upon which law rests. If or when the official law conflicts with the *Grundnorm* of a people, disorder arises. Unless legal rules and judicial opinions are based upon the *Grundnorms,* they become empty dialectics. Law, therefore, rests upon a priori moral grounds. Behind the problems of the East and the West, there is this clash between the legal judgments of the one and the sociolegal norms of the other.

The legal theorist, L. Petrazycki, (*Law and Morality,* 1955), pointed out that a legal code has little effect unless it is based upon the psychological intuitive moral and ethical concepts of a people. When two cultures with divergent basic norms meet, they use different meanings and concepts which in turn create disputes and conflict.

P. A. Sorokin, (*Society, Culture and Personality,* 1947), refers to "official" and "unofficial" law, the latter being the underlying legal convictions of a people. Because the official contractual legal systems of the West contravene the convictions and the law norms of the underdeveloped peoples, antagonisms and "maladjustments call forth the phenomenon of crime or violation of the official law."

A quarter of a century ago, T. Sellin, (*Culture Conflict and Crime,* 1938), analyzed the problems of the "official" and "unofficial" law norms in terms of culture conflict. Focusing on the crimes of foreign-born persons in the United States, Sellin pointed out that legal conflicts arise:

a. When the codes clash on the border of contiguous culture areas.

b. When the law of one cultural group is extended to cover the territory of another group.

c. When the members of one cultural group migrate to another area of different culture.

Today, in the underdeveloped countries, conflicts have arisen because the official law of one cultural group is being extended into the territory of another.

Crimes and Customs

F. G. Speck, in his report on the Labrador Indians (*American Anthropology,* 1933), found that crimes tended to increase directly as the contacts of the Indians increased with the foreign white traders. In their report of crimes

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in Siberia, J. J. Anossow and G. Wirschubski in 1931 and 1933 found that when the Soviet Union expanded the new legal code into the outreaches of Siberia, crimes increased. The official law of the Soviet Union outlawed the wearing of veils by women. When this happened and women discarded their veils, Siberians killed the women because it violated the ancient unofficial law requiring women to wear veils.

The French scholar, R. Maunier, in 1936 (*Harvard Tercentenary Publications*, 1937), found a similar situation in Algeria. Under the native law, an adulterous wife must be killed by her father or brother because the act brought disgrace to the family. When the French magistrates, under the new Penal Code, tried to deal with the matter as premeditated murder and to punish the killers, they met with a "conspiracy of silence by the Algerians" because no one would report the act or testify in court. Also, if a native Algerian accepted the new law and refused to kill the offender, he in turn was killed for failure to comply with the ancient unofficial law.

Such is the evidence that crimes grow out of conflicts when one cultural group attempts to impose their legal norms upon another. The serious conditions which have arisen in East Africa, the Congo, and South Africa are in part due to the conflict between the socio-legal norms of the developed and the underdeveloped peoples.

Social Obligations

There is a vast difference between the primitive laws of the underdeveloped peoples and the contemporary Anglo-Saxon contractual systems. Herein lies the tragedy in the meeting of the East and West. The West maintains the power of force in law, whereas the real power rests in the social obligations or moral relationships between people. When those who formulate foreign policy or international procedures understand that law is not a concrete abstraction, but the creation of the ethical and moral characteristics of a people, fewer conflicts may arise between the two systems. When the natives in an underdeveloped country are forced to comply with a legal system not based on their living law, conflicts are bound to arise and criminality is the natural result. In this vacuum, lack of integration, and normless existence, violence can be expected. The primitive Vendetta, the Mau Mau, or the earlier Indian massacres are but the brutal evidence of this condition.

Fundamentally, the violence in the underdeveloped countries is due to the clash between the socio-

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legal systems of two vastly different cultures. On the one hand, there is the primitive living law of tribal customs of the underdeveloped peoples, whereas on the other is the contractual official law of the industrialized, urban-developed countries. The trouble lies not in the tools or the technology, but in the sociolegal ideas of the respective peoples.

The Cult of the Planners

It would be erroneous to suppose these problems of underdeveloped peoples have no counterpart in more highly developed nations. The very nature of the evolutionary progressiveness of the *have* nations has yielded a cult of "social planners" who assume that each step from cave to penthouse has followed a distinct order or design. They profess to know the stages by which man has risen from the "Pit of the Past," and assume that they, better than any leaders of the past, can now engineer this process of change. Their plans vary in detail, but the main route from *here* to *there* extends through population control to the "big push" or over-all breakthrough against poverty. The "big push" involves investments of huge sums of money in the underdeveloped countries for power, transportation, and communication facilities to create industry and promote trade. So vast are their schemes that private enterprise is inadequate to the task; therefore, they insist that government must enter with various "aid" and "corps" activities – now, on a massive push-button scale, because "time is running out."

One of the elemental facts these "social engineers" have failed to understand is that society does not follow an ordered path from yesterday to today. There are no fixed laws in society by which a people climb the ladder of progress from the Stone to the Rocket Age. Some may maintain that they have discovered the laws of nature, but these are illusions that arise like a mirage in a desert. Even the Olympian gods of antiquity were more modest than some of the Master Planners of the present. There is no straight evolutionary line of progress from pit to penthouse – only a very rough road beset by many detours and without established guideposts. From time to time great leaders have arisen to point the direction but they have not built the superhighway.

A second fact the Planners fail to comprehend is that the whole process of society never has been "engineered" for long by a staff of economic or social strategists. The United States became a nation without a "planned economy."

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The development of the West has been due to a number of creative leaders with enthusiasm enough to open new ventures with no assurance of guaranteed results. The fast sailing vessels of the nineteenth century, the Clipper Ships of New England, gained the sea trade because some men were willing to risk their fortunes. It should be recalled that the several states in the New World prior to 1815 were "underdeveloped" areas. The country developed without government-to-government foreign aid, or various programs from abroad. The greatest aid from abroad consisted of immigrants attracted to the new world by a certain freedom from government. All this means that there must be *men* and *resources* available *within* a country.

The basic problem involved in the conflict of the East and West is that both fail to understand the "logico-meaningfulness" each postulates relative to the "inner order" of their respective cultures. The Hindu in his village interprets his law in terms of the meaning in Hinduism, the Moslem sees law through the eyes of Islamic beliefs just as the African sees law through the living law of the tribe, the community, and the family. The legal differences between the East and the West cannot be settled until there is some integration of the ethical, moral, and psychological systems of both groups. Until that time arrives, we shall have to live in the present legal "No Man's Land of Conflict," of violence and crime in high and low places. ◈

IDEAS ON LIBERTY

Where Socialism Leads

IRONICALLY, socialism, which is claimed by its advocates to be a system to provide for the needs of everyone, actually leads not only to tyranny but to a progressive breakdown of production and, if persisted in, eventually to starvation and anarchy. Red China is currently following that path; Soviet Russia has borrowed a few ideas from capitalism on occasion to combat economic collapse and starvation. On the other hand, capitalism, which does not claim as its objective "doing good" for everyone, creates infinitely greater wealth for all to partake of and provides freedom for the individual, instead of slavery, while doing so.

SAMUEL AYRES III, M.D.
Beverly Hills, California

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BRITISH LIBERALISM on the REBOUND

THE LEADER of the British Liberal Party, Mr. Joseph Grimond, has been visiting in America, telling college students that the old-time noncollectivist liberalism is not dead in his home country. Since there seems to be a crisis of leadership in the British Labour Party and since the Conservatives have been having their troubles, Mr. Grimond could be right when he predicts a measure of comeback for those who think like himself.

The Grimond optimism is borne out by a massive new book, Anthony Sampson's *Anatomy of Britain* (Harper and Row, 662 pages, $6.95). True enough, the author of this encyclopedic work doesn't come to any exhilarating conclusions. After his exhaustive but nonetheless enlivening tour of British social, political, financial, industrial, and educational institutions, Mr. Sampson remarks that Britain suffers from "a malaise among the few thousand managers of our society who have failed to absorb and communicate new challenges and new ideas." But his own work shows that Britain remains almost incurably pluralistic, even though we hear much about the "Establishment" which supposedly rules it. There is no all-powerful "They." As Mr. Sampson puts it, not knowing quite the full implications for individual freedom as something over and above mere political democracy that are wrapped up in his words: "The rulers are not at all close-knit or united. They are not so much in the centre of a solar system, as in a cluster of interlocking circles, each one largely preoccupied with its own professionalism and expertise, and touching others only at one edge – they are not a single Establishment, but a ring of Establishments, with slender connections. The frictions and balances between the different circles are the supreme safeguard of democracy. No one man can stand in the centre, for there is no centre."

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Managers from the Market

Inasmuch as no one can presume to put his total impress on British life, a free and hopefully competitive capitalism continues to grow even though the Labour Party succeeded in 1945 and after in imposing "nationalization" on certain industries. The amusing thing about the nationalized sectors of the economy is that some of them have had to hire good men away from private industry to give them such amounts of efficiency as they have managed to create out of the shambles of the original "take-over."

To make the nationalized railroads cost-conscious, the government had to put them under the control of Dr. Richard Beeching, who had made his mark with the privately owned Imperial Chemicals Industries. Moreover, Beeching was granted the same salary he had been drawing from Imperial Chemicals – 24,000 pounds a year. To help Beeching, an Australian accountant named Philip Shirley from the Unilever Corporation and Leslie Williams from the big international oil company of Shell were made full-time members of the Transport Commission, each drawing a salary commensurate with what he had always earned. Thus the government has had to draw upon the free sector of the economy and to honor its scale of incentives to save itself from the consequences of the Labour Party's deplorable adventure in Marxian socialism.

A Change of Attitude

To be sure, Mr. Sampson doesn't summarize it in this way; he doesn't mind living in a "mixed economy." However, the really encouraging thing about his book is that a majority of his fellow countrymen seems to be showing no zeal about "mixing" the economy any further. It is no longer considered a mark of poor taste in England to wish to make money out of one's own private business. "North American attitudes" are being imported – and invading Canadians, combining business acumen with a fondness for living in Britain, are becoming important factors in British business.

For example, Roy Thomson, the son of a Toronto, Canada, barber, came to Britain at the age of fifty-nine to buy the Edinburgh morning paper, *The Scotsman*. He already owned a chain of thirty American newspapers from Florida to Ontario. Thomson liked living among the Scots sufficiently to branch out into Scottish television, which made him a multimillionaire in short order. Soon he was moving south on London, completing his conquests by buying the *Sunday Times*. Surveying his

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career, Thomson was reportedly overheard murmuring, "There must be *something* wrong with this country if I can make money so easily out of it."

No Capital Gains Tax

The great incentive in England, of course, is the absence of a capital gains tax. This means that anyone who can build up his own business can parlay initiative into a fortune. As Britain moves slowly away from a steel-based economy, individuals have discovered new opportunities in service businesses. There have been lots of recent "one-man success stories" in the fields of interior decoration, property dealing, the building of supermarkets, and in shops that have created "a boom in clothing sales . . . better class foods and delicatessen . . . and drinks of almost every sort." A new nonlanded propertied class has been growing up, one that thinks in terms of possessing small homes, television sets, refrigerators, washing machines, and cars. This class, used to a growing amount of comfortable leisure, has tended to desert the Labour Party. Although the first political beneficiaries of the switch of the nonlanded property owners were the Conservatives, the Liberals have high hopes of catching them the next time around.

When the Labour Party was in power, it regarded the London financial center – the "City" – with baleful eyes. But it was baffled by the difficulty of dealing with the complex world of bankers and brokers and arbitrage experts and hire-purchase schemes and investment underwriters. Since the "City" was the leading world market for commodities, chartered shipping, foreign exchange, and insurance, it provided the "invisible earnings" which helped Britain redress its balance of international payments. The importance of the invisible earnings was such that Labour did not dare monkey with the sensitive mechanisms of Lloyd's insurance rooms or the various commodity or shipping markets.

Reprieved by the "nationalizers," the "City" lived through the dangerous period to regain its old elasticity. The merchant bankers in the "City" went on discounting and underwriting investments, sometimes acting stuffily, sometimes accommodating the most daring of the new "raiders." The great "aluminium war" shook the "City" – but when it was all over, though Americans had succeeded in getting a majority position in British Aluminium, it was as if nothing very damaging had happened. Indeed, the "aluminium affair" had created a more enter-

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prising spirit; as one of the "new" bankers in the "City" has said, "there's much more cut-and-thrust these days, much less of the 'you scratch my back, I scratch yours,' and the 'dear old boy' business: the old Etonians aren't as powerful as they used to be, and people no longer feel that they have to stick to their own preserve."

A Misplaced Concern

In the light of all the yeastiness he reports, Mr. Sampson's worries about "a loss of dynamic and purpose" in British life would seem to be somehow misplaced. The author remarks on "a general bewilderment" that is "felt by many people, both at the top and the bottom in Britain today, including many of the two hundred I talked to." But meanwhile a Canadian succeeds in buying the *Sunday Times*, and a Warburg from Hamburg, a refugee from the Nazis, builds a new London banking empire just like a Rothschild of Napoleonic times, and the Shell Oil Company begins to recruit young administrators from the provincial colleges which are sarcastically referred to by Oxonians and Cantabridgians as "Redbrick."

So where, actually, is there any "loss of dynamic and purpose"? The "bewilderment" seems to be mainly in the heads of those who wish that Queen Victoria were still on the throne, or that Karl Marx's predictions could still be accepted as a relevant guide to decisions in politics. Other Britishers and immigrants to Britain, seizing the individualistic moment, seem to be bringing the old island out of the long lethargy that stretched from 1918 to around 1955. A hopeful book, this *Anatomy of Britain*, despite the author's distrust of his own material. ◈

IDEAS ON LIBERTY

Carl Schurz

YOU MAY TELL ME that my views are visionary, that the destiny of this country is less exalted, that the American people are less great than I think they are or ought to be. I answer, ideals are like stars; you will not succeed in touching them with your hands. But like the seafaring man on the desert of waters, you choose them as your guides, and following them you will reach your destiny.

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What A Forecasting Mess!

More companies "go broke" because they have over-estimated the market for their products than because of all other causes combined.

Forecasting his *individual* business is an inescapable function of an entrepreneur, a real businessman, but it certainly is hazardous.

It is even more hazardous to forecast *general* business. Although forecasting Gross National Product (the magical GNP!) has a special element of merit in the idea, those who work with that concept have rather systematically the poorest forecasting record of any; in short, the *method as used* is about the worst.

There are several reasons for that, but the principal one is (granted GNP has been admirably forecast) *how* will GNP and purchasing power be *distributed* among industries, companies, products? *That* is crucial.

The only sound method of such distribution is based on a thorough knowledge of the concept of *marginal utility*. Economists, market researchers, forecasters — even though they intellectually understand marginal utility — *never seem to use it practically*. Marginal Utility is apparently a theoretical idea, not a tool for their mind.

The situation is even worse. One must know not only *marginal* utility, but especially *final* utility. It is knowledge and use of the concept *final utility* (together with GNP) which is the key to better, safer forecasting. We have never yet observed a forecaster use the concept of *final* utility!

There is no short-cut to any meritorious result. Neither is there a short-cut to understanding *marginal* and *final utility*. It is necessary to do "homework." The best way is to read:

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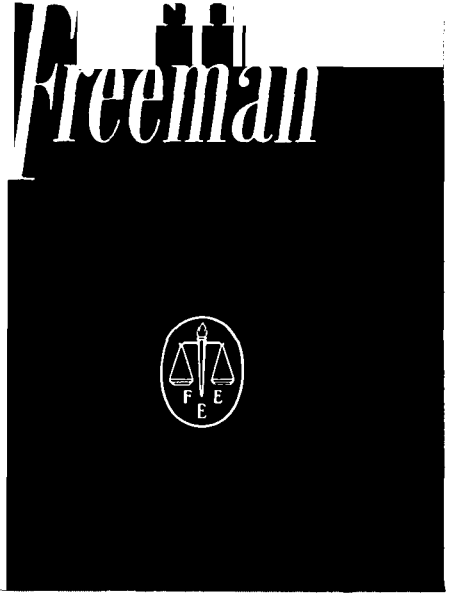

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■ Government, like fire, is essential to civilization, but inherently dangerous. While it is true that government is necessary to provide the liberty out of which true civilization grows, it is also true that liberty is government's fuel. To be useful, government must be carefully contained and limited. How it is permitted to get out of control — whether by military coup, revolution, or by the incontinent political action of a democratic majority — is unimportant; for once unconfined, government always takes the same form: the rampant destroyer of the only fuel upon which it thrives — liberty!

LEWIS STEARNS, free-lance writer

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